

## Follow-Up Materials

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# EXHIBIT 1(i)



## Year-End Financial Statements (Consolidated)

For the fiscal year ended March 31, 2005

### AIFUL Corporation

Stock Code: 8515

(URL <http://www.aiful.co.jp>)

Representative:

Inquiries:

Stock Exchange: Tokyo, Osaka

Headquarters: Kyoto City

Yoshitaka Fukuda

President and Chief Executive Officer

Kenichi Kayama

General Manager, Public Relations Department

TEL (03) 4503-6050

Date of the Board of Directors' meeting to approve financial statements: May 10, 2005

Company adopted G.A.A.P.

No

## I. Consolidated Business Results for the Year Ended March 31, 2005 (April 1, 2004 – March 31, 2005)

### 1. Consolidated Operating Results

(In millions of yen - except per share data)

|                                  | Operating Revenue |      | Operating Income |        | Ordinary Income |       |
|----------------------------------|-------------------|------|------------------|--------|-----------------|-------|
| Fiscal Year Ended March 31, 2005 | 518,416           | 9.5% | 134,716          | 19.7%  | 135,294         | 20.3% |
| Fiscal Year Ended March 31, 2004 | 473,477           | 5.3% | 112,566          | (3.0)% | 112,446         | 0.6%  |

|                                  | Net Income |       | Net Income per Share (Yen) | Diluted Net Income per Share (Yen) | Net Income to Shareholders' Equity Ratio | Ordinary Income to Shareholder's Equity Ratio | Operating Revenue to Ordinary Income Ratio |
|----------------------------------|------------|-------|----------------------------|------------------------------------|------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Fiscal Year Ended March 31, 2005 | 75,723     | 21.1% | 800.10                     | 800.04                             | 13.0%                                    | 5.5%                                          | 26.1%                                      |
| Fiscal Year Ended March 31, 2004 | 62,548     | 4.4%  | 660.98                     | —                                  | 12.1%                                    | 4.9%                                          | 23.7%                                      |

Notes: 1. Equity method investment gain or loss for: Fiscal year ended March 31, 2005: - million yen

Fiscal year ended March 31, 2004: - million yen

2. Average number of shares during:

Fiscal year ended March 31, 2005: 94,453,068 shares

Fiscal year ended March 31, 2004: 94,467,918 shares

3. Changes in accounting policies:

No

4. Percentage figures shown for operating revenue, operating income, ordinary income and net income show year-on-year change

5. Figures have been rounded down to the nearest unit

### 2. Consolidated Financial Position

(In millions of yen - rounded down, except where noted)

|                                  | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio (%) | Shareholders' Equity per Share (Yen) |
|----------------------------------|--------------|----------------------|--------------------------------|--------------------------------------|
| Fiscal Year Ended March 31, 2005 | 2,574,286    | 617,352              | 24.0                           | 6,537.77                             |
| Fiscal Year Ended March 31, 2004 | 2,332,761    | 547,503              | 23.5                           | 5,794.58                             |

Note: Number of shares issued and outstanding: As of March 31, 2005: 94,405,535 shares

As of March 31, 2004: 94,467,134 shares

### 3. Consolidated Cash Flows

(In millions of yen - rounded down, except where noted)

|                                  | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Cash and Cash Equivalents at the End of the Year |
|----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------------------|
| Fiscal Year Ended March 31, 2005 | (63,408)                            | (11,211)                            | 80,318                              | 108,965                                          |
| Fiscal Year Ended March 31, 2004 | (42,734)                            | 6,370                               | 3,097                               | 98,329                                           |

**4. Consolidated companies and companies to which equity method accounting applies**

Number of consolidated subsidiaries: 10 companies  
Number of non-consolidated subsidiaries accounted for by the equity method: 0 companies  
Number of affiliated companies accounted for by the equity method: 0 companies

**5. Changes in application of consolidated accounting and equity method accounting**

Consolidated subsidiaries (Newly included): 3 companies (Excluded): 2 companies  
Equity method accounting (Newly included): 0 companies (Excluded): 0 companies

**II. Fiscal Year 2006 Full Year Forecast (April 1, 2005 - March 31, 2006)**

(In millions of yen, rounded down)

|                                           | Operating Revenue | Ordinary Income | Net Income |
|-------------------------------------------|-------------------|-----------------|------------|
| Interim Period Ending, September 30, 2005 | 272,634           | 71,669          | 44,469     |
| Fiscal Year Ending March 31, 2006         | 555,049           | 155,000         | 91,762     |

**Reference:**

Forecast for earnings per share for fiscal year 2006 year ending March 31, 2006: 648.00

Calculations based on 141,608,302 shares, which includes the 47,345,000 increase in the number of shares due to the stock split detailed on page 29.

**Caution Relating to Results Forecasts:**

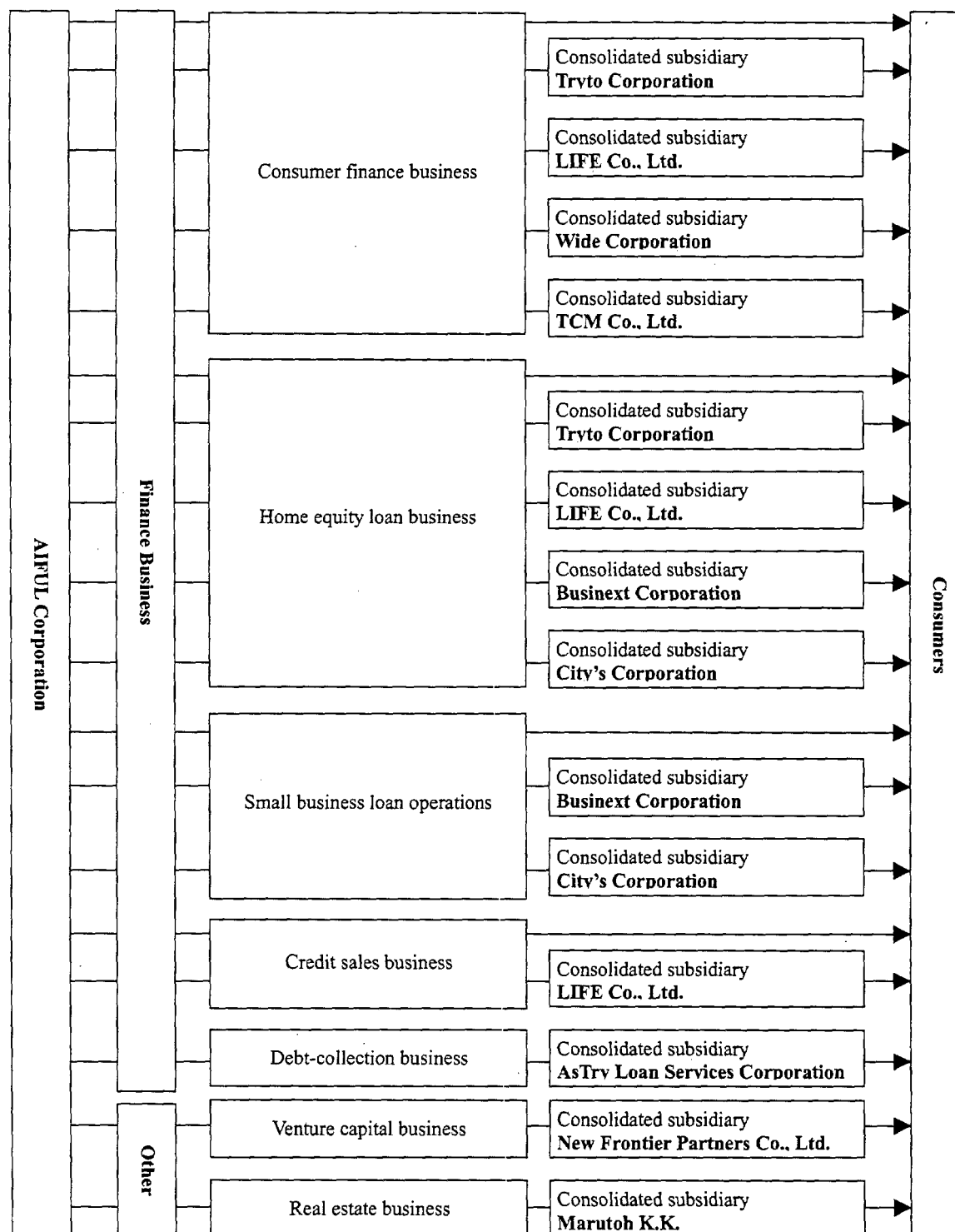
The above forecasts are based on the information available to management at the time they were made, and estimates involving uncertain factors thought likely to have an effect on future results. Actual results can differ materially from these forecasts for a variety of reasons.

**(Supplementary Data)****I. State of the Group**

The AIFUL Group is composed of AIFUL Corporation and ten consolidated subsidiaries, three non-consolidated subsidiaries and two affiliated companies. The Company is principally engaged in the consumer finance services and credit sales businesses. The Company is also active in the home equity loan business, small business loans, and debt collection and management of debt collection.

| Business Classification |                                | AIFUL & subsidiaries            | Business Descriptions                                                                                           |
|-------------------------|--------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Finance Business        | Consumer finance business      | AIFUL Corporation               | The Company and its subsidiaries provide small, unsecured loans for consumers.                                  |
|                         |                                | Tryto Corporation               |                                                                                                                 |
|                         |                                | LIFE Co., Ltd                   |                                                                                                                 |
|                         |                                | Wide Corporation                |                                                                                                                 |
|                         |                                | TCM Co., Ltd.                   |                                                                                                                 |
|                         | Home equity loan business      | AIFUL Corporation               | The Company and its subsidiaries provide home equity loans.                                                     |
|                         |                                | Tryto Corporation               |                                                                                                                 |
|                         |                                | LIFE Co., Ltd                   |                                                                                                                 |
|                         |                                | Businext Corporation            |                                                                                                                 |
|                         |                                | City's Corporation              |                                                                                                                 |
|                         | Small business loan operations | AIFUL Corporation               | The Company and its subsidiaries lend to small and other businesses.                                            |
|                         |                                | Businext Corporation            |                                                                                                                 |
|                         |                                | City's Corporation              |                                                                                                                 |
|                         | Credit sales business          | AIFUL Corporation               | The Company and its subsidiary offer credit card shopping, per-item credit, loans and guarantees for consumers. |
|                         |                                | LIFE Co., Ltd                   |                                                                                                                 |
|                         | Debt-collection business       | AsTry Loan Services Corporation | The company specializes in the management and collection of a full range of receivables and loans.              |
| Other                   | Venture capital business       | New Frontier Partners Co., Ltd. | The company assesses, invests in and supports venture companies.                                                |
|                         | Real estate business           | Marutoh K.K.                    | The company buys, sells, leases, brokers and mediates real estate.                                              |
|                         |                                | City Green Corporation          | Holding company for City's Corporation.                                                                         |

The organization chart for the Company's businesses is as follows:



\* City Green Corporation is not listed above, since it is a holding company of City's Corporation, and is not active in business.

## **II. Management Policies**

### **1. Basic Management Policies**

AIFUL's primary mission is to earn the support of the general public. The Company's efforts to prioritize customer convenience and become a comprehensive financial services group that is reliable and creative are a reflection of this basic stance on catering to the needs of all our customers. This primary mission drives the Company's endeavors to grow its business and become a source of profit for all of its stakeholders, including customers, shareholders and employees, thus bringing about a future of "Prosperity for All."

### **2. Basic Policies on Profit Distribution**

The AIFUL Group's basic dividend policy is to consistently distribute profits to shareholders on the basis of a comprehensive assessment of the economic and financial situation and the Company's own business performance.

Based on this policy, AIFUL aims to distribute profits to shareholders and maximize shareholder value via medium to long-term profit growth. Internal reserves are to be used to extend loans, as well as in strategic investments that contribute to the expansion of the earnings base for the Group as a whole, while working to improve business results and management efficiency so that AIFUL continues to meet the expectations of all its shareholders.

### **3. AIFUL's View and Policy on Lowering the Investment Unit**

The Company recognizes that promoting long-term, stable holding of its shares as well as expanding the classes of investors and increasing the liquidity of its shares are important issues, and it is implementing a review of the number of shares in a unit and a stock split.

In the current fiscal year, the Company will conduct a 1:1.5 stock split (delivery without compensation) with respect to the number of shares held by shareholders entered or registered in the final and actual list of shareholders on Thursday, March 31, 2005, with the aims of reducing the amount of investment per share, increasing the liquidity of its stock and expanding the classes of investors.

Going forward, the Company will continue to examine the lowering of the investment unit in order to gain the support of even more investors.

### **4. Management Indicator Objectives**

AIFUL believes that its position in the financial industry makes it essential for management to increase efficiency in its use of assets and the returns gained on those assets and has established the maximization of group RAO as a management goal. AIFUL has set 3% as a concrete medium-term goal for consolidated ROA.

### **5. Medium and Long-Term Business Strategies**

Japan's consumer credit market is currently worth approximately 59.5 trillion yen, a total that includes 14.8 trillion yen in retail credit and 34.6 trillion yen in consumer loans (excluding deposit and savings-secured loans). Consumer finance companies in particular have continued to see high growth in the consumer loan market, expanding from a 9.0% share in fiscal 1991 to a 29.5% share, worth some 10.2 trillion yen, in fiscal 2003. Also, the consumer finance market is expected to grow further in the medium to long term.

More aggressive strategies to enter the retail sector, primarily on the part of major banking groups, indicate that competition in the overall consumer finance market is heightening and has crossed industry lines.

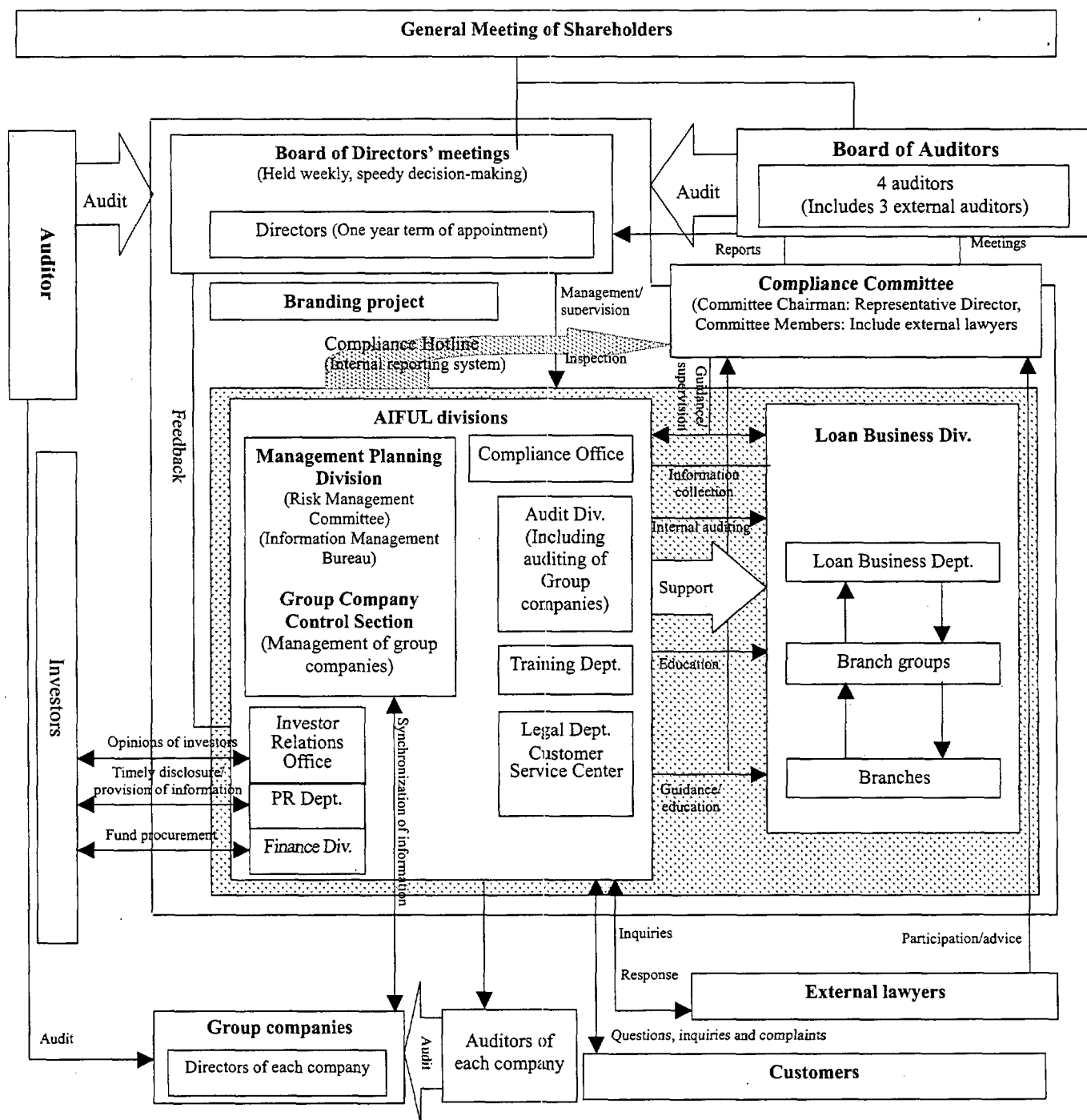
In this business environment, the AIFUL Group aims to expand beyond the boundaries of the traditional consumer finance market to become a comprehensive retail financial services company targeting the entire retail finance market. With major credit card and installment sales company LIFE and small-business loan companies Businext and City's within the Group, AIFUL is maintaining growth by promoting diversification of products and customer acquisition channels to consistently meet the needs of customers. By pursuing synergies generated by the seamless integration of the Group companies and building on the Company's brand concept of "A Company for Security and Creation," AIFUL is seeking to strengthen the ties between group companies as well as working to secure stable revenue based on efficient management.

### **6. Basic Stance with Regard to Corporate Governance and Current Status of Related Policies**

#### **A. Basic Stance with Regard to Corporate Governance**

AIFUL considers speed in decision-making, the establishment of management supervisory functions, and the reinforcement of compliance and disclosure to be its basic policies for the enhancement of corporate governance. Our corporate governance, business execution, management supervisory and internal controls, and risk management systems are as indicated in the diagram below.

## B. AIFUL's Business Execution, Management Supervisory and Internal Controls, and Risk Management Systems



## **C. Current Status of Corporate Governance Strategies**

### **(1) Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring and Status of Efforts to Enhance Corporate Governance During the Past Year**

#### **i) Details of Company Organizations and Establishment of Internal Control System**

##### **a. Details of Company Organizations**

In a measure aimed at speedy management decision-making, the AIFUL and LIFE Boards of Directors meet weekly (Boards of Directors meet monthly at other group companies) to fully discuss and examine management issues and business opportunities facing the companies, as well as strategies to address them. Speedy management decisions follow these discussions.

In its efforts to enhance legal compliance, AIFUL has had an Inspection Department, an Internal Audit Department, and Legal Department, in charge of preventative legal affairs, in place for some time. In addition to this, the Company established a Compliance Committee, which includes lawyers and other external members and serves as a consultative body for the Board of Directors, in April 2002. At monthly meetings, the Compliance Committee gathers risk information, implements preventative measures, and conducts employee education based on the committee guidelines, working to reinforce compliance systems throughout the whole company.

With these efforts, AIFUL is synchronizing information with other group companies in a proper manner and working to enhance the group's overall compliance system.

In order to respond to the establishment of new legislation and legal amendments that profoundly affect our operations, such as the Personal Information Protection Act, as well as to ensure further enhancement of our compliance system and the establishment of appropriate corporate ethics, the Company has established a new Compliance Office on April 1, 2005, as a specialist division to conduct ongoing examination and assessment of these issues on a company-wide basis.

##### **b. Training and Establishment of Hotlines**

Other steps taken here include the formulation and distribution to each and every Group employee of the "AIFUL Group Ethical Code," as well as the establishment of hotlines in the Personnel and Inspection Departments for discussion of breaches of the code. AIFUL has also established a Customer Service Center within the Legal Department to respond promptly to customer inquiries and complaints, with the aim of increasing customer satisfaction and reinforcing the legal compliance system, which includes guidance and education for the sales and marketing staff in cooperation with the Compliance Committee. In addition to the establishment of a new Compliance Hotline in June 2003, the Company standardized its internal reporting system, establishing a structure that prevents breaches of the law and internal regulations before they happen.

##### **c. Maintaining Accuracy in Disclosure of Financial Information and Internal Control**

The AIFUL Group's system for maintaining the accuracy of financial information consists of the prescribed checking procedures in the Accounting Department and audits based on the Commercial Code and the Securities and Exchange Law. Apart from this, AIFUL has long maintained an organizational structure based on the separation of the division in charge of financial accounting (Accounting Department) and the division in charge of management accounting (Management Planning Department), which provides a system of checks and balances.

Moreover, the Company's efforts to maintain accuracy include additional checks made in advance by related departments, including the Investor Relations Office, the Public Relations Department, the Legal Department, and the Management Planning Department.

##### **d. Enhancing Disclosure and Internal Control**

AIFUL believes that appropriate disclosure of business information will make external monitoring of management more effective. Based on the principle of aiming for transparent management and effective corporate governance, AIFUL strives to provide full disclosure that is timely and easy to understand. Its activities include maintaining an investor relations web site, disclosing information through press releases, settlement data books and similar materials, as well as providing information and briefings for the domestic and foreign mass media, investors and analysts. AIFUL also provides regular feedback to the president, Board of Directors' meetings and departmental managers on the opinions and desires of investors in its efforts to enhance the corporate governance system.

#### **ii) Establishment Status of Risk Management System**

With regard to its risk management system, AIFUL has established a system in which the Risk Management Committee within the Management Planning Division primarily gathers information on latent and apparent risk factors within the Company, and conducts crisis management in cooperation with related departments, including the Investor Relations Office, Public Relations Department and Legal Department. Moreover, in response to the Personal Information Protection Law, which came into force on April 1, 2005, the Company launched a project in April 2004 to prevent the leaking of information, carrying out a review of the proper handling of personal information and company-wide security management measures to prevent the leakage of personal information before it happens in terms of the human, organizational and technical aspects and establishing a system to prevent the disclosure of personal information.

Moreover, AIFUL has prepared an action plan for when problems relating to personal information or corporate information arise at the Company or at Group companies, and has set up a new Information Management Contingency Plan, for which the Information Management and Administration Office within the Management Planning Department is responsible, with the aim of addressing emergencies properly and promptly, thus establishing a strong system for responding to emergencies.

iii) Internal Auditing and Auditing System and Status of Auditing

a. Internal Auditing and Auditing System

AIFUL established the Inspection Department with the aim of monitoring the appropriateness and legality of business processes, including at Group companies. It works on a day-to-day basis to detect and curb deviations by conducting regular inspections, primarily at the business offices of AIFUL and its Group companies.

With regard to the management supervisory function, AIFUL employs an auditor system, which has four auditors, including three external auditors. The auditors not only supervise management through attendance at the weekly Board of Directors meetings at AIFUL and LIFE, but also attend the Compliance Committee and work in close cooperation with the Inspection Department, the internal audit department, to firmly implement the auditing system. Moreover, the auditors of the Company and each Group company work in conjunction with the Group Company Control Section and the Inspection Department to establish the auditing system at Group companies as well.

b. Auditing

AIFUL employs Deloitte Touche Tohmatsu and Shimbashi & Co. as auditors based on the Commercial Code and for audits based on the Securities and Exchange Law. There are no beneficial relationships between these audit corporations and the employees engaged in conducting audits at AIFUL and AIFUL.

AIFUL concludes an audit agreement regarding auditing under the Commercial Code and auditing under the Securities and Exchange Law with these audit corporations, and it pays the fees based on the contract. The names of the certified public accountants who conducted audits, and the composition of the assistants involved in auditing operations in the fiscal year under review are as follows.

Names of certified public accountants who conducted audits

Designated staff, staff who conducted audits: Hiroshi Ymaguchi, Norikazu Nishino

Representative staff, staff who conducted audits: Hiroyuki Toda, Hironori Okada

Composition of assistants involved in auditing operations

Five certified public accountants, 2 junior accountants, five others

c. Details of Officers' Salaries and Remuneration and Audit Fees

In the fiscal year under review, officers' salaries and remuneration for directors and auditors of AIFUL were as follows.

Details of Officers' Salaries and Remuneration

|                                                           |                                                        |
|-----------------------------------------------------------|--------------------------------------------------------|
| Salaries and Remuneration Paid to Directors and Auditors: | Directors: 380 million yen/person (total 19 directors) |
|                                                           | Auditors: 61 million yen/person (total 5 auditors)     |

|                                                                  |                 |
|------------------------------------------------------------------|-----------------|
| Amount paid in directors' bonuses in distribution of net profit: | 106 million yen |
|------------------------------------------------------------------|-----------------|

|                                                                                                                                      |                 |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Amount paid in directors' retirement bonuses based on resolution of General Meeting of Shareholders during fiscal year under review: | 112 million yen |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------|

Notes: 1. At the end of the fiscal year under review, there were 17 serving directors and four serving auditors.

2: Caps on salaries and remuneration: Directors: ¥500 million/person  
Auditors: ¥80 million/person

Details of Audit Fees

Audit fees paid to the Company's auditors in the consolidated fiscal year under review are as below.

|                                                                      | (In millions of yen) |
|----------------------------------------------------------------------|----------------------|
| Fees relating to statements of audit based on the auditing contract: | 70 <sup>1</sup>      |
| Fees other than the above:                                           | 39                   |
| Total:                                                               | 109                  |

Note: AIFUL: 27 million yen, consolidated subsidiaries: 42 million yen

(2) Existence of Personal, Financial, Business or Any Other Beneficial Relationship Between the Company, and the External Directors and External Auditors

There is no business or other beneficial relationship between the Company and its external auditors.

## 7. Brand Strategy Policies

In October 1999, AIFUL commenced a company-wide branding project. To date, this project has been responsible for generating a wide range of proposals related to the company's branding initiatives. From April 2003 onwards, the system has been revitalized by bringing it under the direct control of top management, which has positioned it as its highest priority.

Under the new project, "A Company for Security and Creation" was selected as the concept to unify the large number of different AIFUL brands. Adopting improvement in corporate value itself based upon progress in customer satisfaction and employee satisfaction, as the primary goal for brand strategies, AIFUL plans, in turn, to boost investor satisfaction. In this manner, the company will make real "Prosperity for All," the management ideal outlined in its corporate principles.

In February 2004, AIFUL established "With Heartful Communication" as its brand statement. The Company intends to expand a variety of communication programs in an integrated manner to further strengthen the AIFUL brand.

The Company is also involved in activities as a good corporate citizen, supporting marathons and other sports events that bring AIFUL and local residents closer together.

### III. Results of Operations and Financial Position

#### 1. Summary of Operations

##### A. Business Environment

In terms of the Japanese economy during the fiscal year under review, the Bank of Japan's *tankan* survey of business confidence for March 2005 showed an eight-point deterioration compared with the survey in December 2004, in business sentiment among large manufacturers, an indicator used to predict economic trends. However, business sentiment deteriorated in only three of the 12 categories for large non-manufacturers, indicating firmness in non-manufacturing industries.

Moreover, although the employment environment improved and wages stopped falling, the employment conditions index, which indicates the employment environment, was negative for the first time in twelve years and personal consumer spending has remained flat. In addition, there are also concerns that the rapidly rising price of crude oil will affect corporate earnings, and the economy overall has continued to mark time.

The industry is being increasingly reorganized as banks and foreign-capital companies enter the consumer finance and credit card markets. Credit card companies and mega-banks are involved in business alliances such as capital tie-ups between major consumer finance companies and mega-banks, and foreign-capital banks are buying up credit sales companies. This expansion across industry boundaries has heightened competition for share in the consumer credit market.

Meanwhile, the number of applications for personal bankruptcy (as published by the Supreme Court), which has a major impact on bad debts, has been registering year-on-year decline for 16 months in a row since November 2003, and the brakes have been applied to rising bad debt expenses.

Based on this business environment, the AIFUL Group is aiming to step beyond the limits of the niche consumer finance industry and become a comprehensive retail finance company that targets the entire consumer credit market. The Company has continued to promote diversification of products and sales channels, maintaining growth by catering to a wider range of customer needs.

Moreover, each company that belongs to the Group has been establishing a brand value based on the unified concept of "A Company for Security and Creation." At the same time, while working together to generate synergistic effects and strengthen the Group, they have also been striving to develop efficient operations.

##### B. Operations

###### (1) AIFUL Corporation

During the consolidated fiscal year under review, AIFUL's loan business witnessed the company pursuing product diversification strategies chiefly in unsecured loans as well as home equity loans and small business loans, in order to more comprehensively cater to customer needs, and it achieved steady growth in loans outstanding.

A summary by product is as below.

###### i) Unsecured Loans

There were 541,000 new applications for unsecured loans during the consolidated fiscal year under review, a decrease of 2.4% compared to the previous year, and a continuation of the declining trend. Although new account acquisitions rose 0.1% year-on-year in July and 4.5% in August, turning positive for the first time in two years and nine months, the trend of decline resumed from December 2004 with the economy continuing to mark time, and new account acquisitions for the year were 343,000, down 3.4% year-on-year. Meanwhile, the proportion of new account acquisitions via the Internet, including cellular phone and PC, rose steadily to 11.8% as a result of aggressive use of banner advertisements on the AIFUL website.

As a result, unsecured loans outstanding stood at 1,093,662 million yen, up 1.2% year-on-year at the end of the consolidated fiscal year under review.

###### ii) Home Equity Loans and Small Business Loans

AIFUL's diversification strategy involves home equity loans and small business loans, and the Company has positioned these areas as key products in maintaining long term growth potential. As a result of proactive marketing to cater to a whole range of customer needs, loans outstanding in the consolidated fiscal year under review consisted of home equity loans of 345,180 million yen, up 0.7 % year-on-year, and small business loans of 32,924 million yen, up 17.8 % year-on-year.

A summary of business other than loan operations is as follows.

###### iii) Credit Guarantees

The guarantee business is a fee business in which AIFUL provides guarantees for loan products handled by financial institutions, and the Company has been developing the business as a new source of earnings. In addition to unsecured personal loans, the Company has also been active in guarantee operations for small business loans using the expertise it has built up in the provision and screening of small business loans. The entire financial industry is now taking note of this credit guarantee market for loans to small businesses, and AIFUL is becoming more active in it.

As a result of these efforts, at the end of the consolidated fiscal year under review, AIFUL's guarantee partners numbered 41 unsecured personal loan companies and 32 small business loan companies, and the balance of guarantees stood at 43,180 million yen, marking steady growth of 58.1% compared with the end of the previous year.

#### iv) Credit Cards

With regard to AIFUL's own AIFUL MasterCard credit card operation, the Company has been actively developing a range of co-branded cards with the aim of attracting new customers in their 20s. These include the co-branded card "Fan! MasterCard" (applications accepted from October 2004) for members of the Universal Fan Club as well as new business tie-ups with ten companies. As of April 1, 2005, co-branded card operations have been transferred from the credit card division (Credit Card Business Department) and merged with LIFE with the aim of conducting a more effective and efficient credit card strategy in the Group.

#### v) Expansion of Channels

The Company has opened 25 outlets and closed 16 outlets as part of its store network restructuring, bringing the total number of stores to 1,572, with 549 staffed stores and 1,023 non-staffed facilities, at the end of the consolidated fiscal year under review. In its expansion of deposit and withdrawal channels, the Company entered new partnerships with 10 banks and two companies with 13,122 ATMs, giving customers access to 76,338 CD/ATMs, including AIFUL's own ATMs.

In June 2004, the Company extended the transaction hours for its ATM partnership with IY Bank, which makes it possible to make deposits and withdrawals until 11:00 pm, increasing convenience for customers.

Bad debt expenses, which rose for a prolonged period, were 97,385 million yen at the end of the consolidated fiscal year under review, down 10.8 % compared with the previous year, as a result of factors such as the contraction in the number of personal bankruptcies for the first time in ten years since 1994 and a continued improvement in the employment situation. This indicates that bad debt expenses have peaked.

As a result, AIFUL's loans outstanding at the end of the consolidated fiscal year under review stood at 1,471,767 million yen, an increase of 1.4% year-on-year.

### (2) LIFE Co., Ltd.

In the consolidated fiscal year under review, which was the last year of the medium-term business plan, LIFE Co., Ltd. continued to concentrate on making the steady shift in its business portfolio from a low earnings structure to a high earnings structure. This included pouring management resources into credit card shopping, per-item credit, and consumer finance businesses, with the aim of establishing a stable earnings base.

In April 2004, LIFE moved the responsibility for the overall management of Cash Plaza from the seven nationwide branch offices to the Loan Business Division in the Headquarters to strengthen marketing capabilities. This change reinforced information coordination between branch offices and the Headquarters and enabled LIFE to meet customer needs quickly. In addition, the branch offices have created a new system putting one person in charge of promoting credit cards and per-item credit at the individual branch office level in order to strengthen marketing.

In its credit card business, LIFE has been steadily expanding the number of cardholders by beginning the issue of a range of co-branded cards, including a large-scale tie-up with a major supermarket that aims for more than 400,000 cardholders in its first fiscal year. To strengthen cardholder services, LIFE has updated the design and content of customer invoices to turn them into tools of communication with customers. Moreover, it has been improving its point services into a more attractive service by introducing a bonus point system that rewards higher spending and a system that automatically carries points over to the following business year.

Moreover, as part of its visual identity (VI), the company made LifeCard its corporate brand and adopted a new brand emblem in April 2004 with the aim of establishing a brand image as a credit card company. The new emblem contains the concept of seeking to be a forward-looking company that goes beyond the existing framework and common sense.

The company has begun a new partnership with three banks in order to expand the channels for its cash advance services, meaning that 130,000 CD/ATMs at 487 partner financial institutions and credit card companies may be used.

As a result, the total number of credit card holders at the end of the consolidated fiscal year under review rose 880,000 to 11,910,000. The effective use of advertising and the effect of acquiring cards with higher activity rates resulted in a steady rise in card shopping activity rates.

In addition to this, LIFE has also been aggressively carrying out expansion into new credit card businesses, such as a cash card that incorporates a credit card with the product name of "Bank Alliance Card" based on its December 2004 tie-up with Higashi Nippon Bank, Limited.

In its per-item credit business, LIFE is working to increase business volume and accumulate prime assets by strengthening and enhancing the efficiency of its sales organization.

In its consumer finance business, LIFE opened 13 new branches, bringing the total number of LIFE Cash Plazas to 204.

Also, LIFE followed up its LIFE Card Shinjuku Store, a new concept store that showcases the LIFE Card brand, with six new stores in Umeda, Takadanobaba, Shibuya, Matsuyama, Kokura and Kanda in its efforts to accelerate acquisition of new customers.

In its guarantee business, LIFE sought to expand bank loan guarantee products, and commenced new partnerships with 35 banks, bringing its number of guarantee partners to 126 banks.

Moreover, Rating and Investment Information, Inc. boosted LIFE's senior long-term debt rating from BBB+ to A- and its short-term debt rating from a- 2 to a- 1 in view of the company's favorable earnings and increased financial stability. In addition, LIFE obtained a new senior long-term debt rating of A- and a short-term debt rating of J-1 from Japan Credit Rating Agency, Ltd.

As a result of the foregoing, operating loans outstanding in the fiscal year under review totaled 751,553 million yen, up 7% year-on-year (including 167,027 million yen in operating loans taken off the balance sheet by securitization. This total consisted of credit card shopping, up 11.3% year-on-year to 79,622 million yen, per-item credit, up 12.2% to 197,123 million yen, credit card cash advances, up 8.4% to 367,459 million yen, credit guarantee installment receivables, down 7.6% to 98,226 million yen, and other businesses, down 5.3% to 9,121 million yen. Meanwhile, the volume of business was up 18.1% year-on-year to 378,160 million yen for credit card shopping, 15.8% to 155,752 million yen for per-item credit, down 7% to 27,747 million yen for credit guarantees, and up 5.1% to 321,493 million yen for credit card cash advances.

### **(3) Other Group Companies**

#### **i) Small Business Loans**

Businext was formed jointly by AIFUL and Sumitomo Trust & Banking Co., Ltd., and in April 2004 it constructed a new corporate scoring system based on data accumulated thus far to enhance the accuracy of its credit screening. In addition, it has made steady progress in gaining new customers as its direct marketing (DM) campaign and the improvement in business sentiment have coincided.

As a result, at the end of the consolidated fiscal year under review, loans outstanding stood at 47,622 million yen, up 72.6% year-on-year.

Businext's Nagoya branch was opened in October 2004 and the Sendai branch opened in March 2005 to better meet the capital needs of sole-proprietors and small and medium-sized businesses in the Chubu area and the Tohoku and Hokkaido areas.

City's Corporation has concentrated on acquiring good quality customers by turning its marketing expertise into manuals and making the most of these manuals. Due to the improvement in business sentiment at small and medium-sized enterprises, the widening base of economic recovery, and the fact that it opened 13 new offices during the year, loans outstanding stood at 45,673 million yen at the end of the consolidated fiscal year under review, up 46.3% year-on-year.

#### **ii) Consumer Finance**

Consumer finance companies Happy Credit Corporation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd. merged in April 2004 and commenced operations as Tryto Corporation. While the objective of the merger between the three companies was efficient business expansion, loans outstanding stood at 58,121 million yen as a result of tightening up the granting of credit to provide for an increase in bad debt expenses in the consolidated fiscal year under review.

Tryto Corporation began to offer home equity loans in October 2004, taking advantage of AIFUL's accumulated knowledge, and it will be expanding the acquisition channels for home equity loans within the Group in the future to better meet customer needs.

Also, Wide Corporation, a business concentrated in eastern Japan, was made a subsidiary of AIFUL on June 30, 2004. Wide Corporation is a consumer finance company with a network of 293 branches and a loan balance totaling 95,345 million yen (including 17,000 million yen in off-balance sheet receivables resulting from securitization). With the addition of this company to the AIFUL Group, AIFUL intends to enhance earnings and profitability by pursuing greater business efficiency and synergistic effects.

Moreover, AIFUL received approval from the Tokyo District Court on April 26, 2004 to conclude a sponsor agreement with the administrator of TCM Co., Ltd., a company undergoing reorganization. On December 31, 2004, AIFUL received approval from the Tokyo District Court for a rehabilitation plan. On February 21, 2005, AIFUL acquired all stock in TCM through full subscription to a capital increase based on the rehabilitation plan, turning the company into a wholly owned subsidiary. On March 31, 2005, AIFUL obtained a decision from the Tokyo District Court that the rehabilitation procedures had been completed, and TCM became a member of the AIFUL Group both in name and in reality.

On March 30, 2005, AIFUL concluded a final agreement making Passkey Co., Ltd. into a wholly owned subsidiary. Passkey is a consumer finance company in Hokkaido with a 27-branch network, and loans outstanding of 8.3 billion yen (as of February 28, 2005).

#### **iii) Servicer**

AsTry Loan Services Corporation, a joint venture with Aozora Bank, has concentrated diligently on expanding the claims handled in its management and collection of a range of money claims.

#### **iv) Venture Capital**

Kokusai Capital Co., Ltd. was renamed New Frontier Partners Co., Ltd. on July 1, 2004. In the company's first deal since it became a subsidiary of AIFUL, New Frontier Partners established the "NFP: Strategic Partners Fund" worth 2.21 billion yen with a joint capital injection from the Organization for Small & Medium Enterprises and Regional Innovation and Hitachi Ltd. New Frontier Partners will continue to pursue Group synergies in order to accelerate the development of the AIFUL Group as a comprehensive retail financial services company.

As a result, AIFUL and its subsidiaries had 2,095,201 million yen in outstanding loans, up 9.8% compared to the previous year, 276,848 million yen in installment receivables, up 11.8%, 141,407 million yen in credit guarantee installment receivables, up 5.8%, and 10,489 million yen in other business, up 2.8%, at the end of the consolidated fiscal year under review. The amounts above include 184,027 million yen in off-balance sheet loans due to securitization (including 99,580 million yen in outstanding loans and 84,447 million yen in installment receivables.)

## C. Capital Procurement

In terms of capital procurement, AIFUL and its subsidiaries issued 61 billion yen in domestic straight bonds and private notes, raised 45 billion yen through securitization, and issued 123 billion yen in commercial paper and 500 million US dollars in dollar denominated bonds during the consolidated fiscal year under review. The Company redeemed 90 billion yen in domestic straight bonds and 128 billion yen in commercial paper. As a result of working to further diversify methods of fund raising, capital procurement was 1.6734 trillion yen, 159.6 billion yen higher than a year earlier, at the end of the consolidated fiscal year under review. In addition to strengthening its relationship with existing business partner financial institutions, AIFUL also began working with mega-banks, increasing the depth of its fund procurement base.

These efforts will continue into the future as AIFUL seeks to develop new classes of investors and reinforce relationships with business partners through active investor relations in order to gain access to a low-cost, stable source of funds.

## D. Operating Results

As a result of the above activities, operating revenue for the consolidated fiscal year under review jumped 9.5%, to 518,416 million yen. AIFUL's operating revenue grew 1.7% year-on-year to 340,615 million yen, comprising 65.7% of the Group's revenue. LIFE recorded operating revenue of 121,972 million yen, an increase of 9.3% year-on-year, comprising 23.5% of the Group's revenues.

Of consolidated operating revenue, 466,429 million yen, or 90.0%, was accounted for by operating interest on loans, 26,291 million yen or 5.1% by revenue from credit card shopping and per-item credit, 7,087 million yen or 1.4% by credit guarantee revenue and 18,607 million yen or 3.5% by other revenue.

AIFUL's operating interest on loans accounts for 70.9% of the Group's consolidated operating interest on loans. This figure can be broken down into 80.8% in unsecured loans, 16.9% in home equity loans, and 2.3% in small business loans.

Operating expenses for the AIFUL Group totaled 383,700 million yen, up 6.3% compared to the previous year. Of this amount, AIFUL's non-consolidated operating expenses accounted for 60.7%, or 233,034 million yen, of this total, while LIFE's operating expenses accounted for 27.5%, or 105,492 million yen. Total Group operating expenses can be broken down into 155,466 million yen, or 40.5%, for bad debt expenses, 39,682 million yen, or 10.3%, in financial expenses, 23,669 million yen, or 6.2%, in advertising expenses, 54,712 million yen, or 14.3%, in personnel expenses, and 25,556 million yen, or 6.7%, in commissions paid.

The 1,940 million yen in write-down of consolidation adjustment account accrued with the purchase of LIFE Co., Ltd. was recorded as an operating expense.

As a result of the foregoing, consolidated operating income for the consolidated fiscal year under review rose 19.7% to 134,716 million yen, ordinary income was up 20.3% to 135,294 million yen, and net income increased 21.1% to 75,723 million yen.

AIFUL's non-consolidated operating income rose 13.0% to 107,581 million yen, ordinary income climbed 13.7% to 112,533 million yen, and net income rose 26.8% to 67,301 million yen.

## E. Fiscal 2005 Outlook

In terms of the outlook for the future, AIFUL believes that the Japanese economy will continue its modest recovery, although it is marking time because of uncertain factors such as the sharp hike in the price of crude oil.

A further intensification in the brisk competition for new customer acquisition is forecast in the consumer credit industry due to factors such as industry restructuring and the entry of the IT industry. However, positive signs are emerging, such as the decline in the unemployment rate and the decrease in the number of personal bankruptcies. While the environment is challenging, it also allows for optimism.

In this environment, the AIFUL Group will diversify its products and its channels for customer acquisition with clear targets for its goal to become a comprehensive retail financial services company, which also targets the small and medium-sized enterprise sector.

The Company will strive to increase its balance of high-quality loans, build the Group's brand value and generate synergistic effects. Working for all-round improvements in management performance, including maximum cost reductions, the Company will maintain steady flows of income.

In the year ending March 2006, we predict a 7.1% rise to 555,049 million yen in consolidated operating revenue, a 14.6% increase to 155,000 million yen in ordinary income, and a 21.2% increase to 91,762 million yen in net income.

We forecast that AIFUL's non-consolidated operating revenue will increase 2.6% to 349,578 million yen, ordinary income will grow 7.5% to 121,000 million yen, and net income will rise 10.5% to 74,351 million yen.

## 2. Qualitative Information on Changes in Consolidated Financial Position

### A. Assets

Loans totaled 1,995,621 million yen, an increase of 11.7% over the previous year. This was primarily due to steady increases in Group loans. AIFUL's loans amounted to 1,471,767 million yen, LIFE's loans stood at 284,879 million yen, Businext's loans totaled 47,622 million yen, and City's loans were 45,673 million yen.

Installment receivables rose 24.7% year-on-year to 192,401 million yen, due to the steady progress made by the credit card shopping and per-item credit businesses at LIFE Co., Ltd.

Credit guarantee installment receivables rose 5.8% to 141,407 million yen as a result of AIFUL and LIFE's active promotion of their guarantee businesses for loan products handled by financial institutions.

While allowance for bad debts decreased due to signs that bad debts had peaked, the acquisition of new consolidated subsidiaries increased allowance for bad debts 9.4%, to 159,483 million yen. (Consolidated loans and installment receivables do not include 99,580 million yen in loans and receivables and 84,447 million yen in installment receivables taken off the balance sheet by LIFE's and Wide Corporation's securitization of receivables.)

The consolidated adjustment account was 11,007 million yen.

## **B. Liabilities**

Total capital procured, including debt, commercial paper and bonds, rose to 1,673,458 million yen.

This was due to an increase in financing to correspond with the steady increase in operating receivables at AIFUL, LIFE, Businext, and City's.

## **C. Shareholders' Equity**

Consolidated shareholders' equity at the end of the consolidated fiscal year under review was 617,352 million yen, and the equity ratio stood at 24%. AIFUL's non-consolidated shareholders' equity was 584,308 million yen, and the equity ratio stood at 28.7%.

## **D. Cash Flows**

Despite a decrease due to growth in loans outstanding, consolidated cash and cash equivalents stood at 108,965 million yen at the end of the consolidated fiscal year, an increase of 10,635 million yen compared with the previous year, due to capital procurement through the issuance of bonds.

### **(1) Cash flow from operating activities**

Despite net income before income taxes of 129,441 million yen, operating activities used net cash of 63,408 million yen, compared to 42,734 million yen a year earlier, due to an increase in loans and other operating receivables and to the payment of corporate tax.

### **(2) Cash flow from investing activities**

Investing activities used net cash of 11,211 million yen compared with the generation of 6,370 million yen for the previous year, as a result of the acquisition of fixed assets and new consolidated subsidiaries.

### **(3) Cash flow from financing activities**

Financing activities generated net cash of 80,318 million yen, compared with 3,097 million yen a year earlier, due to direct and indirect procurement.

## **3. Business Risk**

The main factors that may affect the business performance, share price and financial position of the AIFUL Group are those described below. However, this information does not include all the risks that, in the Company's view, could have a significant effect on the AIFUL Group. In addition to the risks that are noted, there are also risks which are difficult to foresee. Aware that the AIFUL Group's business performance, share price and financial position could be negatively affected by these risks, the Group endeavors to avoid their occurrence and to respond when they do occur. However, this does not guarantee that the occurrence of risk is completely avoided or that the response is appropriate when risk does occur. Material in the text relating to the future was current as of May 10, 2005.

## **A. Legal Regulations**

### **(1) Business Regulations**

In terms of the legal regulation of business, the loan business, including the AIFUL Group's mainstay consumer finance business, is subject to the application of the Money-Lending Business Control and Regulation Law (called "Money-Lending Business Regulation Law" below) and the Law concerning the Regulation of Receiving Capital Subscription, Deposits, and Interest on Deposits (called "Capital Subscription Law" below). Under these laws, business is subject to a range of regulations. These include the prohibition of excessive lending, the publication of loan terms, the advertising of loan terms, the prohibition of exaggerated advertising, the issue of documents, the issue of receipts, the preparation of account books, limitations on the acquisition of blank powers of attorney, regulation of collection activities, surrender of claim documents, the posting of signs, regulation of the cession of obligation, the appointment of managers to handle lending operations, the carrying of identification documents, and the legal regulation of the items to be entered on payment notices.

In addition, the Administrative Guidelines for Precautions Regarding Financial Supervision of the Financial Services Agency of Japan, the supervisory agency, dated October 29, 2003, set standards for preventing excessive lending. The amount that one lender can lend to a borrower in unsecured, non-guaranteed loans with only simple on-the-spot screening is 500,000 yen or an amount equivalent to 10% of the annual income of the borrower.

Amendment of these laws and regulations in the future could affect the performance of the AIFUL Group depending on the details.

Moreover, the AIFUL Group's credit card shopping and per-item credit businesses are subject to the application of the Installment Sales Law. Business is subject to a range of regulations based on the application of the Installment Sales Law. These regulations include the publication of terms of business, the issue of documents, the limitation of the amount of compensation for damages accompanying the cancellation of contracts, pleas against installment sales service providers, the prevention of purchases that exceed capacity to pay, and the prevention of consumer problems related to continuous service. Amendment of this law in the future could affect the performance of the AIFUL Group depending on the details.

## **(2) Lending Rate**

The Law to Partially Amend the Money-Lending Business Control and Regulation Law came into force on June 1, 2000, and under the Capital Subscription Law, the maximum lending rate for when money lenders make loans as part of business operations was reduced from 40.004% per annum to 29.2% per annum, and infringements are subject to criminal penalties. However, the maximum lending rate at the AIFUL Group is lower than this, so it is not considered to have had a particular impact on the earning capacity and financial position of the Group. In addition, Paragraph 2 of Article 12 of the Supplementary Provisions of the Law to Partially Amend the Money-Lending Business Control and Regulation Law and the Law concerning the Regulation of Receiving Capital Subscription, Deposits and Interest on Deposits (called "Amended Money-Lending Business Regulation Law and Capital Subscription Law" Below) promulgated on August 8, 2003 sets a target of three years after the enforcement of the Amended Money-Lending Business Regulation Law and Capital Subscription Law for the necessary review of Paragraph 2, Article 5 (Ceiling Interest Rate) of the Capital Subscription Law, taking into consideration demand for funds and other economic and financial conditions, the financial resources of borrowers, the progress in the establishment of lending rates in accordance with creditworthiness, and other circumstances in the business of money lenders. If the maximum interest rate under the Capital Subscription Law is reduced to a level lower than the current rate, it could affect lending-related businesses and performance at the AIFUL Group.

In addition, under Paragraph 1 of Article 1 of the Interest Limitation Law, a contract for interest on a cash loan for consumption is considered invalid with regard to the portion in excess of the interest ceiling (20% when the principal is less than 100,000 yen, 18% when the principal is less than 1,000,000 yen, and 15% when the principal is 1,000,000 yen or more). Under Article 43 of the Money-Lending Business Regulation Law, when the document specified in the same Law has been issued to the borrower at the time of the loan and the borrower has voluntarily paid the excess portion as interest, and these payments are based on the contract, which is the issued document specified by the same Law, this payment is regarded as the repayment of valid interest on the debt, notwithstanding the provision of Paragraph 1 of Article 1 of the Interest Limitation Law. However, so far a number of lawsuits have been brought for the repayment of the excess portion on the interest ceilings stipulated by the Interest Limitation Law due to a lack of preparation in the industry of the matters to be entered on the contract document specified in the Money-Lending Business Regulation Law, and a number of rulings in favor of these suits have been passed down. The AIFUL Group is also the defendant in a number of lawsuits appealing for the repayment of excess interest, and the claims made by the plaintiffs include the assertion that the AIFUL Group, which operates a loan business, did not fulfill its obligation to issue the necessary documents for repayments to be under the application of the Money-Lending Business Regulation Law. In addition, it is difficult to predict the trend for similar demands for repayment that may be lodged in the future. As a result of the amendment of the Administrative Guidance described below, it is possible that the plaintiffs' claims that the AIFUL Group did not fully meet its obligation to issue documents that include the statutory matters may be recognized in court in the future.

## **(3) Financial Services Agency Administrative Guidance**

### **i) Obligation to Issue Documents**

Based on the Money-Lending Business Regulation Law, when the AIFUL Group, which operates a money-lending business, concludes a loan agreement or a guarantee agreement, and extends a loan, it has an obligation to issue a document that records the specified matters concerning the terms of the loan immediately to the customer, who is the borrower, and the guarantor.

The Administrative Guidance require lenders to issue a document that records all the statutory matters immediately whenever a customer borrows funds from an ATM or staffed office (includes mailing the document immediately) in addition to issuing the prescribed document when the contract is concluded. The AIFUL Group changed the software for the Company's ATMs and has been issuing the document described above that records all the statutory matters since August 2003.

In addition, for the ATM's of partner financial institutions, the Company obtains the prior consent of customers to mail the document that records the statutory matters to the customer separately immediately after a loan. However, the Company does not mail the document to customers from which it has not obtained prior consent. The Financial Services Agency has statutory authority to impose administrative penalties for non-compliance by lenders with the obligation to issue documents, including an order to completely or partially suspend business, and restrict the use of ATMs at partner financial institutions as well as cancel registration as a lender.

The imposition of such administrative penalties on the AIFUL Group could affect the Group's performance and financial position.

### **ii) Ensuring the Obligation to Inform**

The Administrative Guidance was amended on May 1, 2005 from the viewpoint of strengthening the lender's duty to inform as well as strongly requiring the establishment of the conditions for fulfillment of the obligation to inform in order to completely protect customers. In a strengthening of the obligation to inform on power of attorney for the creation of a notary deed and the duty to inform on guarantees, a new chapter was established on the obligation to inform, which includes, for example, providing information that envisages the conditions in which the performance of a guarantee is required to a person who intends to become a guarantor as part of an actual detailing of the legal effects and risks.

Moreover, the fact that necessary and suitable measures have not been taken to ensure adequate performance of the obligation to inform in the operation of the loan business has been newly added to the practices that would fall, with great possibility, into the category of deceit and other unlawful or clearly improper practices prohibited by the Money-Lending Business Regulation Law, in providing loans, managing receivables based on loan contracts and collecting operations. These measures include the establishment of in-house regulations on the need

to inform when concluding a loan contract so that the other party fully understands the content of the contract, and conducting staff training to thoroughly educate all members of staff.

The AIFUL Group intends to comply with such amendments. However, doing so may incur new, unforeseen expenses. In addition, if the Financial Services Agency deems that the Company has not complied with the amendments, it could be subject to penalties for infringement of the Money-Lending Business Regulation Law or the Administrative Guidance. As a result, the AIFUL Group's performance and financial position may be affected.

#### **(4) Other Laws**

##### **i) Personal Information Protection Law and the Handling of Personal Information**

On April 1, 2005, the Personal Information Protection Law and the accompanying guidelines on the protection of personal information established by each government Ministry came into force. Under the law, businesses that handle personal information (within the AIFUL Group, AIFUL Corporation, LIFE Co., Ltd., Tryto Corporation, Wide Corporation, City's Corporation, Businext Corporation, TCM Co., Ltd., Passkey Co., Ltd., and AsTry Loan Services Corporation fall into this category) must, with regard to the personal information specified by the Law, specify the purpose of use as far as is possible and are prohibited from handling personal information beyond the scope needed for achieving the purpose without the consent of the individual. In addition, when a business that handles personal information has its employees use personal databases, which are media for gathering information including personal information, it is necessary to follow various requirements which include taking the necessary and proper security management measures and supervising employees. Apart from this, there are also specific obligations to report to the supervisory authorities when deemed necessary. Moreover, when it is deemed necessary to protect personal rights and interests following an infringement of the Law, the competent Minister may recommend or order a suspension of the practice which constitutes the infringement and recommend or order the necessary measures be taken to correct the infringement. Furthermore, businesses are required to make notification, clearly state and publish the purpose of use of personal information, obtain the consent of customers where necessary related to the handling of personal information, to supervise sub-contractors when subcontracting the handling of personal information, establish a system for security management from the organizational, personnel and technological perspectives, and publish their basic policy on the handling of personal information. In accordance with this, after reviewing its handling of personal information in the past, the AIFUL Group produced a response strategy to coincide with the enforcement of the Law on April 1, 2005. As well as this, the Group has also taken measures to prevent the leaking of personal information before it happens. However, there is no guarantee that the measures are infallible. If the leaking of personal information should occur for any reason, or the Company is in breach of the Law, not only would the AIFUL Group be subject to penalties under the Law, but it would also lose public trust. As a result, this could affect the performance of the AIFUL Group.

##### **ii) Amendment of the Judicial Scrivener Law**

Effective April 1, 2003, the Judicial Scrivener Law was amended to expand the scope of judicial scrivener services, making it possible for judicial scriveners to appear as representatives in court like lawyers in cases such as arbitration and civil lawsuits (maximum claim of 1.4 million yen) that can be handled by a summary court. If there is an increase in the number of lawsuits and adjustments of debt using judicial scriveners as representatives as a result of this amendment and further expansions in the scope of services, it may lead to longer repayment plans for the Group's loans and a rise in bad debts. This could affect the performance of the AIFUL Group.

##### **iii) Impact from Amendment of Bankruptcy Law**

The amendments to the Bankruptcy Law came into force on January 1, 2005. The amendments seek to streamline and accelerate bankruptcy proceedings. If the amendments are accompanied by a rise in the number of bankruptcies, it could lead to an increase in bad debts, and this could affect the performance of the AIFUL Group.

##### **iv) Possibility of Increase in Adjustment of Debts due to Formulation of the Special Conciliation Law and Amendments to Civil Rehabilitation Law**

Under the Law concerning Special Conciliation to Promote the Liquidation of Specified Debts that came into force on February 17, 2000, debtors who are likely to be unable to pay off their debts, are now able to negotiate with creditors via arbitration by an arbitration committee composed of a judge and civil conciliators with specialist knowledge and experience in the necessary laws, taxes, finances, corporate finances, and asset appraisal, depending on the nature of the business operated by the debtor to adjust the debt, such as by changing the due date for payment. In addition, the amendments also made it possible for a debtor to request a suspension of civil execution proceedings against personal assets during the special conciliation proceedings.

Moreover, under the amended Civil Rehabilitation Law, which came into force on April 1, 2001, a number of optional proceedings were adopted to allow the postponement of loan repayments, without adjudication of bankruptcy, for personal loans to bankrupt borrowers. One of the procedures based on the Law does not require the approval of creditors for a draft rehabilitation plan. In addition, in certain circumstances, it makes it possible to avoid losing a personal residence covered by a home loan through the application of the special provisions for home funds.

If the number of individuals requesting legal protection from creditors (including AIFUL Group customers) increases as a result of these introductions to the legal system, it could lead to longer repayment plans for the Group's loans and a rise in bad debts. This could affect the performance of the AIFUL Group.

##### **v) Law on the Issuance of Corporate Bonds for the Loan Business of Financial Companies**

The use of funds procured through bond issuance by non-banks, which includes the AIFUL Group, had formerly been restricted. However, the Law on the Issuance of Corporate Bonds for the Loan Business of Financial Companies, which came into force on May 20, 1999, made it possible for the proceeds of bond issuance to be applied to lending operations when the company has received registration as a specified

AIFUL Corporation and LIFE Co., Ltd., an AIFUL subsidiary, received registration as specified finance companies accompanying the enforcement of the Law. AIFUL Corporation and LIFE Co., Ltd., had issued 478,890 million yen in corporate bonds as of the end of the fiscal year ending March 2005.

## **B. Capital Procurement Environment: Trends in the Borrowing Rate**

### **(1) Interest Rate Fluctuation Risk**

The interest rate for the capital procurement of the AIFUL Group varies depending on the market environment and other factors. In order to minimize the risk of interest rate fluctuation, the Company hedges against increases in interest rates using interest caps and swaps in its efforts to reduce the impact of interest rate fluctuations. However, the performance of the AIFUL Group could be affected by future increases in interest rates.

### **(2) Status of Capital Procurement and Diversification**

The AIFUL Group has been seeking to diversify its fund raising methods to include borrowing from financial institutions, syndicate loans, corporate bonds, commercial paper and asset securitization. At present, the Company considers that there are no difficulties in procuring loan funds. However, capital procurement on the same terms as at present may become difficult if financial institutions become reluctant to lend or borrowing terms deteriorate and the amount of borrowings falls due to a decline in the Company's creditworthiness, and this could affect the performance of the AIFUL Group.

## **C. Changes in Performance**

The AIFUL Group has steadily expanded its earnings through product diversification to include not only specialist consumer finance but also home equity loans and small business loans and promoting diversification in its business to enter the installment sales and credit card businesses as well as loan guarantee partnerships with banks and M&A. Meanwhile, the very framework of the competitive environment surrounding the AIFUL Group is changing from competition in the traditional specialist consumer finance market to the fierce competition of a single overall consumer credit market, which includes banks, credit card companies, installment sales companies, and consumer finance specialists. Moreover, the rise in the number of applications for personal bankruptcy had had a significant impact on the increase in bad debts in the consumer finance industry. Although a decline in the growth rate in the number of applications for personal bankruptcy began to appear in July 2003, and the growth rate has been negative year-on-year since November 2003, it is forecast that the number of personal bankruptcies will remain at a high level as long as the high unemployment rate and the lack of growth in employment income due to the deterioration in the income and employment environments in recent years persists.

The performance of the AIFUL Group may be affected by these types of changes in the market environment.

## **D. Dislocation, Breakdown and Other Damage to Technology Systems, including Information Network System and Internet Services**

The AIFUL Group depends on internal and external information and technology systems to manage its business, and this dependence on software, systems and networks to manage the business office network and the diversity of information that makes up the Group's business, including customer and account data is growing.

The hardware and software used by the AIFUL Group could suffer damage or interruption by human errors, natural disasters, power outages, computer viruses, and other similar phenomena or be adversely affected by an interruption in support services provided by a third party, such as a telephone company or an Internet service provider. Such dislocation, breakdown, delay or other damage in information or technology systems could reduce the number of accounts established by new customers, delay the repayment of accrued balances, reduce the trust of consumers in the AIFUL Group's business, or result in other disadvantageous effects on the performance of the AIFUL Group.

The AIFUL Group seeks to duplicate both its hardware and telecommunications equipment to keep damage to a minimum by replacing equipment with backups when damage occurs. However, interruption to the operations of the AIFUL Group may be unavoidable in the event of natural disasters, such as earthquakes or typhoons.

## **E. Significant Lawsuits**

The AIFUL Group is not currently contesting any significant lawsuits. However, the Group is aware of media coverage of a claim for application of administrative penalties by some groups because of the Group's loan collection practices. The precise claims of the groups are not clear at present, but lawsuits could be brought in the future. As a result, new, unforeseen expenses could be incurred, and media coverage of such lawsuits could create apprehension and cause the Group to lose public trust. This may result in an impact on the acquisition of new customers, stock price formation and borrowing of funds, which may affect the performance of the AIFUL Group.

## IV. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(In millions of yen - rounded down, except where noted)

|                                                |             | End of previous consolidated fiscal year<br>(As of Mar. 31, 2004) |           | End of current consolidated fiscal year<br>(As of Mar. 31, 2005) |           |        |
|------------------------------------------------|-------------|-------------------------------------------------------------------|-----------|------------------------------------------------------------------|-----------|--------|
| Category                                       | Note<br>No. | Amount                                                            |           | %                                                                | Amount    | %      |
| (Assets)                                       |             |                                                                   |           |                                                                  |           |        |
| I. Current assets                              |             |                                                                   |           |                                                                  |           |        |
| 1. Cash and cash equivalents                   | *2          |                                                                   | 99,163    |                                                                  | 109,575   |        |
| 2. Loans                                       | *2, 7, 8    |                                                                   | 1,786,940 |                                                                  | 1,995,621 |        |
| 3. Installment receivables                     | *2, 5, 7    |                                                                   | 154,285   |                                                                  | 192,401   |        |
| 4. Operational investment securities           |             |                                                                   | -         |                                                                  | 1,622     |        |
| 5. Credit guarantee installment<br>receivables |             |                                                                   | 133,610   |                                                                  | 141,407   |        |
| 6. Other operating receivables                 |             |                                                                   | 10,205    |                                                                  | 10,489    |        |
| 7. Marketable securities                       |             |                                                                   | 120       |                                                                  | -         |        |
| 8. Inventory                                   | *2          |                                                                   | 1,327     |                                                                  | 8,382     |        |
| 9. Deferred tax assets                         |             |                                                                   | 29,311    |                                                                  | 30,809    |        |
| 10. Short-term loans                           | *3          |                                                                   | 20,178    |                                                                  | 5,187     |        |
| 11. Other                                      | *2          |                                                                   | 55,844    |                                                                  | 53,559    |        |
| 12. Allowance for bad debts                    |             |                                                                   | (126,918) |                                                                  | (137,935) |        |
| Total current assets                           |             |                                                                   | 2,164,068 | 92.8                                                             | 2,411,119 | 93.7   |
| II. Fixed assets                               |             |                                                                   |           |                                                                  |           |        |
| 1. Tangible fixed assets                       |             |                                                                   |           |                                                                  |           |        |
| (1) Buildings and structures                   | *2          | 45,576                                                            |           |                                                                  | 49,861    |        |
| Total accumulated depreciation                 |             | (24,700)                                                          | 20,875    |                                                                  | (27,443)  | 22,418 |
| (2) Machinery and vehicles                     | *2          | 220                                                               |           |                                                                  | 232       |        |
| Total accumulated depreciation                 |             | (59)                                                              | 160       |                                                                  | (91)      | 140    |
| (3) Equipment and fixtures                     |             | 16,065                                                            |           |                                                                  | 19,208    |        |
| Total accumulated depreciation                 |             | (6,438)                                                           | 9,626     |                                                                  | (9,387)   | 9,821  |
| (4) Land                                       | *2          |                                                                   | 14,635    |                                                                  | 15,653    |        |
| (5) Construction in process account            |             |                                                                   | 181       |                                                                  | 218       |        |
| Total tangible fixed assets                    |             |                                                                   | 45,479    | 2.0                                                              | 48,252    | 1.9    |
| 2. Intangible fixed assets                     |             |                                                                   |           |                                                                  |           |        |
| (1) Software                                   |             |                                                                   | 21,050    |                                                                  | 19,806    |        |
| (2) Telephone rights                           |             |                                                                   | 667       |                                                                  | 691       |        |
| (3) Consolidation adjustment account           |             |                                                                   | 14,370    |                                                                  | 11,007    |        |
| (4) Other                                      |             |                                                                   | 43        |                                                                  | 311       |        |
| Total intangible fixed assets                  |             |                                                                   | 36,131    | 1.5                                                              | 31,816    | 1.2    |
| 3. Investment and other fixed assets           |             |                                                                   |           |                                                                  |           |        |
| (1) Investment securities                      | *4          |                                                                   | 17,016    |                                                                  | 24,273    |        |
| (2) Claims in bankruptcy                       | *8          |                                                                   | 23,660    |                                                                  | 28,535    |        |
| (3) Long-term loans                            |             |                                                                   | 8,491     |                                                                  | 8,344     |        |
| (4) Lease deposits and guarantees              |             |                                                                   | 10,776    |                                                                  | 12,195    |        |
| (5) Deferred tax assets                        |             |                                                                   | 14,782    |                                                                  | 4,288     |        |
| (6) Loss on deferred hedge                     |             |                                                                   | 18,974    |                                                                  | 18,970    |        |
| (7) Other                                      | *2          |                                                                   | 11,718    |                                                                  | 7,393     |        |
| (8) Allowance for bad debts                    |             |                                                                   | (18,838)  |                                                                  | (21,547)  |        |
| Total investment and other fixed<br>assets     |             |                                                                   | 86,582    | 3.7                                                              | 82,453    | 3.2    |
| Total fixed assets                             |             |                                                                   | 168,193   | 7.2                                                              | 162,522   | 6.3    |
| III. Deferred assets                           |             |                                                                   |           |                                                                  |           |        |
| 1. Bond issuing expenses                       |             |                                                                   | 499       |                                                                  | 643       |        |
| Total deferred assets                          |             |                                                                   | 499       | 0.0                                                              | 643       |        |
| Total assets                                   |             |                                                                   | 2,332,761 | 100.0                                                            | 2,574,286 | 100.0  |

|                                                                |             | End of previous consolidated fiscal year<br>(As of Mar. 31, 2004) |       | End of current consolidated fiscal year<br>(As of Mar. 31, 2005) |       |
|----------------------------------------------------------------|-------------|-------------------------------------------------------------------|-------|------------------------------------------------------------------|-------|
| Category                                                       | Note<br>No. | Amount                                                            | %     | Amount                                                           | %     |
| (Liabilities)                                                  |             |                                                                   |       |                                                                  |       |
| I. Current liabilities                                         |             |                                                                   |       |                                                                  |       |
| 1. Notes & accounts payable - trade                            |             | 26,251                                                            |       | 28,988                                                           |       |
| 2. Credit guarantees payable                                   |             | 133,610                                                           |       | 141,407                                                          |       |
| 3. Short-term debts                                            | *2          | 57,034                                                            |       | 71,695                                                           |       |
| 4. Current portion of bonds                                    |             | 90,000                                                            |       | 94,000                                                           |       |
| 5. Current portion of long-term debts                          | *2          | 408,204                                                           |       | 436,661                                                          |       |
| 6. Commercial paper                                            |             | 5,000                                                             |       | —                                                                |       |
| 7. Income taxes payable                                        |             | 25,845                                                            |       | 23,597                                                           |       |
| 8. Reserve for accrued bonuses                                 |             | 3,878                                                             |       | 4,243                                                            |       |
| 9. Gains on deferred installments                              | *6          | 10,826                                                            |       | 14,523                                                           |       |
| 10. Other                                                      | *2          | 42,680                                                            |       | 43,750                                                           |       |
| Total current liabilities                                      |             | 803,332                                                           | 34.4  | 858,865                                                          | 33.4  |
| II. Long-term liabilities                                      |             |                                                                   |       |                                                                  |       |
| 1. Bonds                                                       |             | 365,000                                                           |       | 384,890                                                          |       |
| 2. Long-term debts                                             | *2          | 588,572                                                           |       | 686,212                                                          |       |
| 3. Allowance for retirement benefits for employees             |             | 2,417                                                             |       | 687                                                              |       |
| 4. Allowance for retirement benefits for directors             |             | 1,262                                                             |       | 1,419                                                            |       |
| 5. Interest swaps                                              |             | 18,832                                                            |       | 17,834                                                           |       |
| 6. Other                                                       |             | 1,157                                                             |       | 1,639                                                            |       |
| Total long-term liabilities                                    |             | 977,243                                                           | 41.9  | 1,092,683                                                        | 42.4  |
| Total liabilities                                              |             | 1,780,575                                                         | 76.3  | 1,951,548                                                        | 75.8  |
| (Minority interests)                                           |             |                                                                   |       |                                                                  |       |
| Minority interests                                             |             | 4,681                                                             | 0.2   | 5,384                                                            | 0.2   |
| (Shareholders' equity)                                         |             |                                                                   |       |                                                                  |       |
| I. Common stock                                                | *9          | 83,317                                                            | 3.6   | 83,317                                                           | 3.2   |
| II. Capital surplus                                            | *1          | 104,125                                                           | 4.5   | 104,125                                                          | 4.0   |
| III. Retained earnings                                         |             | 357,705                                                           | 15.3  | 427,609                                                          | 16.6  |
| IV. Differences in evaluation of other marketable securities   |             | 4,417                                                             | 0.2   | 5,363                                                            | 0.2   |
| V. Treasury stock                                              | *10         | (2,062)                                                           | (0.1) | (3,063)                                                          | (0.0) |
| Total shareholders' equity                                     |             | 547,503                                                           | 23.5  | 617,352                                                          | 24.0  |
| Total Liabilities, minority interests and shareholders' equity |             | 2,332,761                                                         | 100.0 | 2,574,286                                                        | 100.0 |

## 2. Consolidated Statement of Income

(In millions of yen - rounded down, except where noted)

| Category                                                                         | Note No. | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |       | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |       |
|----------------------------------------------------------------------------------|----------|----------------------------------------------------------------------|-------|---------------------------------------------------------------------|-------|
|                                                                                  |          | Amount                                                               | %     | Amount                                                              | %     |
| I. Operating revenue                                                             |          |                                                                      |       |                                                                     |       |
| 1. Interest on loans to customers                                                |          | 429,512                                                              | 90.7  | 466,429                                                             | 90.0  |
| 2. Credit card revenue                                                           |          | 8,140                                                                | 1.7   | 9,090                                                               | 1.7   |
| 3. Per-item credit revenue                                                       |          | 15,508                                                               | 3.3   | 17,200                                                              | 3.3   |
| 4. Credit guarantee revenue                                                      |          | 5,562                                                                | 1.2   | 7,087                                                               | 1.4   |
| 5. Financial revenue - other                                                     |          |                                                                      |       |                                                                     |       |
| (1) Interest on deposits                                                         | 7        |                                                                      |       | 2                                                                   |       |
| (2) Interest on marketable securities                                            | 1        |                                                                      |       | 0                                                                   |       |
| (3) Interest on loans                                                            | 47       |                                                                      |       | 111                                                                 |       |
| (4) Other                                                                        | 39       | 95                                                                   | 0.0   | 31                                                                  | 0.0   |
| 6. Operating revenue - other                                                     |          |                                                                      |       |                                                                     |       |
| (1) Sales of real estate                                                         | 50       |                                                                      |       | -                                                                   |       |
| (2) Revenue from operational investment securities                               | -        |                                                                      |       | 664                                                                 |       |
| (3) Collection of bad debts                                                      | 6,778    |                                                                      |       | 7,719                                                               |       |
| (4) Other                                                                        | 7,830    | 14,658                                                               | 3.1   | 10,077                                                              | 3.6   |
| Total operating revenue                                                          |          | 473,477                                                              | 100.0 | 518,416                                                             | 100.0 |
| II. Operating expenses                                                           |          |                                                                      |       |                                                                     |       |
| 1. Financial expenses                                                            |          |                                                                      |       |                                                                     |       |
| (1) Interest expenses                                                            | 24,620   |                                                                      |       | 26,534                                                              |       |
| (2) Interest on bonds                                                            | 9,908    |                                                                      |       | 8,887                                                               |       |
| (3) Other                                                                        | 3,635    | 38,164                                                               | 8.1   | 4,260                                                               | 7.7   |
| 2. Cost of sales                                                                 |          |                                                                      |       |                                                                     |       |
| (1) Cost of sales of real estate                                                 | 137      |                                                                      |       | -                                                                   |       |
| (2) Cost of sales of operational investment securities                           | -        | 137                                                                  | 0.0   | 357                                                                 | 0.0   |
| 3. Operating expenses - other                                                    |          |                                                                      |       |                                                                     |       |
| (1) Advertising expenses                                                         | 19,962   |                                                                      |       | 23,669                                                              |       |
| (2) Commissions                                                                  | 21,502   |                                                                      |       | 25,556                                                              |       |
| (3) Loan losses                                                                  | 13,447   |                                                                      |       | 11,972                                                              |       |
| (4) Transfer to allowance for bad debts                                          | 143,892  |                                                                      |       | 143,493                                                             |       |
| (5) Salaries for employees                                                       | 37,519   |                                                                      |       | 41,340                                                              |       |
| (6) Transfer to reserve for accrued bonuses                                      | 3,878    |                                                                      |       | 4,209                                                               |       |
| (7) Expenses for retirement benefits for employees                               | 679      |                                                                      |       | 2,098                                                               |       |
| (8) Transfers to allowance for retirement benefits for directors                 | 137      |                                                                      |       | 95                                                                  |       |
| (9) Write-down of consolidation adjustment account                               | 2,061    |                                                                      |       | 1,940                                                               |       |
| (10) Other                                                                       | 79,530   | 322,610                                                              | 68.1  | 89,284                                                              | 66.3  |
| Total operating expenses                                                         |          | 360,911                                                              | 76.2  | 383,700                                                             | 74.0  |
| Operating income                                                                 |          | 112,566                                                              | 23.8  | 134,716                                                             | 26.0  |
| III. Non-operating income                                                        |          |                                                                      |       |                                                                     |       |
| 1. Interest on loans                                                             | 45       |                                                                      |       | 41                                                                  |       |
| 2. Dividends received                                                            | 94       |                                                                      |       | 140                                                                 |       |
| 3. Dividends on insurance                                                        | 209      |                                                                      |       | 766                                                                 |       |
| 4. Other                                                                         | 691      | 1,040                                                                | 0.2   | 544                                                                 | 0.3   |
| IV. Non-operating expenses                                                       |          |                                                                      |       |                                                                     |       |
| 1. Interest expenses                                                             | 183      |                                                                      |       | 189                                                                 |       |
| 2. Loss on investment in anonymous association                                   | 747      |                                                                      |       | 616                                                                 |       |
| 3. Other                                                                         | 229      | 1,160                                                                | 0.3   | 109                                                                 | 0.2   |
| Ordinary income                                                                  |          | 112,446                                                              | 23.7  | 135,294                                                             | 26.1  |
| V. Extraordinary income                                                          |          |                                                                      |       |                                                                     |       |
| 1. Gain on sale of investment securities                                         | 738      |                                                                      |       | 712                                                                 |       |
| 2. Allowance for bad debts from previous year                                    | 2        |                                                                      |       | 0                                                                   |       |
| 3. Gain on liquidation of lease deposits and guarantees                          | 31       |                                                                      |       | 33                                                                  |       |
| 4. Gain from transfer of agency portion of employees' pension fund to government | 4,025    |                                                                      |       | 207                                                                 |       |
| 5. Gain on transfer to defined contribution pension system                       | -        |                                                                      |       | 208                                                                 |       |
| 6. Other                                                                         | 159      | 4,957                                                                | 1.0   | 21                                                                  | 0.2   |

| Category                                          | Note No. | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |      | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |      |
|---------------------------------------------------|----------|----------------------------------------------------------------------|------|---------------------------------------------------------------------|------|
|                                                   |          | Amount                                                               | %    | Amount                                                              | %    |
| VI. Extraordinary losses                          |          |                                                                      |      |                                                                     |      |
| 1. Loss on sale of fixed assets                   | *1       | 259                                                                  |      | 383                                                                 |      |
| 2. Loss on disposal of fixed assets               |          | 667                                                                  |      | 548                                                                 |      |
| 3. Loss on sale of investment securities          |          | 43                                                                   |      | 170                                                                 |      |
| 4. Loss on valuation of investment securities     |          | 601                                                                  |      | 499                                                                 |      |
| 5. Loss on reorganization of affiliates           |          | 126                                                                  |      | —                                                                   |      |
| 6. Loss on withdrawal from auto loan business     |          | 4,106                                                                |      | —                                                                   |      |
| 7. Transfer to allowance for bad debts            |          | 12                                                                   |      | —                                                                   |      |
| 8. Write-down of consolidation adjustment account | *2       | 5,614                                                                |      | 3,830                                                               |      |
| 9. Dissolution fees for cancellation of contract  |          | 1,502                                                                |      | 412                                                                 |      |
| 10. Other                                         |          | 656                                                                  |      | 1,193                                                               |      |
| Net income before taxes                           |          | 103,814                                                              | 2.8  | 7,037                                                               | 1.3  |
| Corporate tax, local and enterprise taxes         |          | 46,173                                                               | 21.9 | 129,441                                                             | 25.0 |
| Adjustment on corporate tax, etc.                 |          | (5,157)                                                              | 8.7  | 41,025                                                              | 10.3 |
| Gain on minority interests                        |          | 250                                                                  | 0.0  | 702                                                                 | 0.1  |
| Net income                                        |          | 62,548                                                               | 13.2 | 75,723                                                              | 14.6 |

### 3. Consolidated Statement of Retained Earnings

(In millions of yen - rounded down, except where noted)

| Category                                                   | Note No. | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |         | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |         |
|------------------------------------------------------------|----------|----------------------------------------------------------------------|---------|---------------------------------------------------------------------|---------|
|                                                            |          | Amount                                                               |         | Amount                                                              |         |
| (Capital surplus)                                          |          |                                                                      |         |                                                                     |         |
| I. Capital surplus at the beginning of the year            |          |                                                                      | 104,125 |                                                                     | 104,125 |
| II. Capital surplus at the end of the year                 |          |                                                                      | 104,125 |                                                                     | 104,125 |
| (Retained earnings)                                        |          |                                                                      |         |                                                                     |         |
| I. Retained earnings at the beginning of the year          |          |                                                                      | 300,924 |                                                                     | 357,705 |
| II. Increase in retained earnings                          |          |                                                                      |         |                                                                     |         |
| Net Income                                                 |          | 62,548                                                               | 62,548  | 75,723                                                              | 75,723  |
| III. Decrease in retained earnings                         |          |                                                                      |         |                                                                     |         |
| 1. Cash dividends                                          |          | 5,668                                                                |         | 5,669                                                               |         |
| 2. Bonuses to directors                                    |          | 98                                                                   |         | 106                                                                 |         |
| 3. Loss on price differences in disposal of treasury stock |          | 0                                                                    | 5,766   | 42                                                                  | 5,819   |
| IV. Consolidated retained earnings at the end of the year  |          |                                                                      | 357,705 |                                                                     | 427,609 |

#### 4. Consolidated Statement of Cash Flows

(In millions of yen - rounded down, except where noted)

| Category                                                                      | Note No. | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|-------------------------------------------------------------------------------|----------|----------------------------------------------------------------------|---------------------------------------------------------------------|
|                                                                               |          | Amount                                                               | Amount                                                              |
| I. Cash flow from operating activities                                        |          |                                                                      |                                                                     |
| Net income before taxes                                                       |          | 103,814                                                              | 129,441                                                             |
| Depreciation expenses                                                         |          | 7,863                                                                | 11,188                                                              |
| Write-down of consolidation adjustment account                                |          | 7,675                                                                | 5,770                                                               |
| Loss on valuation of investment securities                                    |          | 601                                                                  | 499                                                                 |
| Increase (decrease) in allowance for bad debts                                |          | 13,626                                                               | 5,002                                                               |
| Increase (decrease) in reserve for accrued bonuses                            |          | 119                                                                  | 179                                                                 |
| Increase (decrease) in allowance for retirement benefits for employees        |          | (1,193)                                                              | (1,557)                                                             |
| Increase (decrease) in allowance for retirement benefits for directors        |          | 112                                                                  | 1                                                                   |
| Non-operating interest on loans and cash dividends                            |          | (139)                                                                | (182)                                                               |
| Amortization of bond issuing expenses                                         |          | 504                                                                  | 591                                                                 |
| Loss (gain) on sale of tangible fixed assets                                  |          | 259                                                                  | 376                                                                 |
| Loss on disposal of fixed assets                                              |          | 667                                                                  | 548                                                                 |
| Gain on liquidation of lease deposits and guarantees                          |          | (31)                                                                 | (33)                                                                |
| Loss (gain) on sale of investment securities                                  |          | -                                                                    | (542)                                                               |
| Gain from transfer of agency portion of employees' pension fund to government |          | (4,025)                                                              | (207)                                                               |
| Gain on transfer to defined contribution pension system                       |          | -                                                                    | (208)                                                               |
| Bonuses paid to directors                                                     |          | (98)                                                                 | (106)                                                               |
| Decrease (increase) in loans to customers                                     |          | (116,158)                                                            | (134,434)                                                           |
| Decrease (increase) in installment receivables                                |          | (6,428)                                                              | (38,116)                                                            |
| Decrease (increase) in operational investment securities                      |          | -                                                                    | 505                                                                 |
| Loss (gain) on other trade receivables                                        |          | 2,533                                                                | (283)                                                               |
| Decrease (increase) claims in bankruptcy                                      |          | (6,297)                                                              | (4,875)                                                             |
| Decrease (increase) in inventory                                              |          | (603)                                                                | (7,052)                                                             |
| Decrease (increase) in pre-paid expenses                                      |          | (120)                                                                | 83                                                                  |
| Decrease (increase) in long-term pre-paid expenses                            |          | (229)                                                                | 1,815                                                               |
| Decrease (increase) in other current assets                                   |          | 3,870                                                                | 5,207                                                               |
| Increase (decrease) in other current liabilities                              |          | 4,708                                                                | 6,174                                                               |
| Other                                                                         |          | 4,051                                                                | 880                                                                 |
| Subtotal                                                                      |          | 15,081                                                               | (19,335)                                                            |
| Non-operating interest on loans and cash dividends                            |          | 139                                                                  | 182                                                                 |
| Payments for corporate and other taxes                                        |          | (57,955)                                                             | (44,256)                                                            |
| Cash flow from operating activities                                           |          | (42,734)                                                             | (63,408)                                                            |
| II. Cash flow from investing activities                                       |          |                                                                      |                                                                     |
| Disbursements for investments in term deposits                                |          | (498)                                                                | -                                                                   |
| Revenue from payment of term deposits                                         |          | 492                                                                  | 676                                                                 |
| Funds provided by sales of investment securities                              |          | 509                                                                  | 120                                                                 |
| Decrease (increase) in trust beneficiary rights                               |          | 2,000                                                                | 1,000                                                               |
| Funds used for purchase of new subsidiaries                                   | *2       | -                                                                    | (9,897)                                                             |
| Funds used for purchase of tangible fixed assets                              |          | (8,095)                                                              | (4,293)                                                             |
| Gain on sale of tangible fixed assets                                         |          | 357                                                                  | 411                                                                 |
| Funds used for purchase of intangible fixed assets                            |          | (8,921)                                                              | (5,014)                                                             |
| Funds used for purchase of investment securities                              |          | (308)                                                                | (4,025)                                                             |
| Funds provided by sales of investment securities                              |          | 2,555                                                                | 2,314                                                               |
| Funds used for acquisition of paid-in capital                                 |          | (250)                                                                | -                                                                   |
| Funds provided by sale of paid-in capital                                     |          | 139                                                                  | -                                                                   |
| Decrease (increase) in short-term receivables                                 |          | 10,004                                                               | 14,991                                                              |
| Funds used in collections of long-term loan receivables                       |          | (7,216)                                                              | (7,116)                                                             |
| Gain on collection of long-term loan receivables                              |          | 15,735                                                               | 109                                                                 |
| Funds used for purchases of investments and other assets                      |          | (51)                                                                 | (13)                                                                |
| Funds provided from sales of investments and other assets                     |          | 344                                                                  | 425                                                                 |
| Other                                                                         |          | (427)                                                                | (899)                                                               |
| Cash flow from investing activities                                           |          | 6,370                                                                | (11,211)                                                            |

|                                                                                          |             | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------|---------------------------------------------------------------------|
| Category                                                                                 | Note<br>No. | Amount                                                               | Amount                                                              |
| III. Cash flow from financing activities                                                 |             |                                                                      |                                                                     |
| Increase in short-term debts                                                             |             | 657,558                                                              | 875,186                                                             |
| Repayment of short-term debts                                                            |             | (655,888)                                                            | (869,351)                                                           |
| Increase (decrease) in commercial paper                                                  |             | (8,500)                                                              | (5,000)                                                             |
| Increase in long-term debts                                                              |             | 541,283                                                              | 629,726                                                             |
| Repayments of long-term debts                                                            |             | (528,609)                                                            | (566,683)                                                           |
| Cash from issue of corporate bonds                                                       |             | 79,531                                                               | 113,153                                                             |
| Loss on redemption of bonds                                                              |             | (77,000)                                                             | (90,000)                                                            |
| Payment for acquisition of treasury stock                                                |             | (9)                                                                  | (1,043)                                                             |
| Gain on payments from minor shareholders for<br>establishment of subsidiaries/affiliates |             | 400                                                                  | —                                                                   |
| Cash dividends paid                                                                      |             | (5,668)                                                              | (5,669)                                                             |
| Cash flow from financing activities                                                      |             | 3,097                                                                | 80,318                                                              |
| IV. Effect of exchange rate changes on cash and cash<br>equivalents                      |             | (47)                                                                 | (5)                                                                 |
| V. Increase (decrease) in cash and cash equivalents                                      |             | (33,313)                                                             | 5,692                                                               |
| VI. Balance of cash and cash equivalents at the beginning<br>of period                   |             | 131,643                                                              | 98,329                                                              |
| VII. Increase in cash and cash equivalents from new<br>consolidations                    |             | —                                                                    | 4,943                                                               |
| VIII. Balance of cash and cash equivalents at the end of<br>period                       | *1          | 98,329                                                               | 108,965                                                             |

## 5. Significant Accounting Policies Relating to the Financial Statements

| Item                                                                    | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Matters pertaining to consolidation                                  | <p>(1) No. of consolidated subsidiaries: 9</p> <p>(2) Names of non-consolidated subsidiaries<br/>Life Stock Center Co., Ltd. and three others</p> <p>(Reasons the companies are excluded from consolidation)<br/>Non-consolidated subsidiaries have not been included in the scope of consolidation. This is due to the fact that they are small in size and the total assets, operating revenue, net income/loss and retained earnings represented in the Company's share of their equity has a small effect on the consolidated financial statements.</p> | <p>(1) No. of consolidated subsidiaries: 10<br/>1. Information included in "State of the Group," so omitted here.</p> <p>(2) Names of non-consolidated subsidiaries<br/>Life Stock Center Co., Ltd. and two others</p> <p>(Reasons the companies are excluded from consolidation)<br/>Non-consolidated subsidiaries have not been included in the scope of consolidation. This is due to the fact that they are small in size and the total assets, operating revenue, net income/loss and retained earnings represented in the Company's share of their equity has a small effect on the consolidated financial statements.</p> |
| 2. Matters concerning the application of equity method accounting       | Four non-consolidated subsidiaries and an affiliated company, Hakata Daimaru Card Services Co., Ltd., have not adopted the equity method. This is due to the fact that they are small in size, and the sums of AIFUL's share of their consolidated net income or loss and retained earnings would have a negligible effect on the consolidated financial statements.                                                                                                                                                                                        | Three non-consolidated subsidiaries and two companies, Sumishin Life Card Co., Ltd., and another company, have not adopted the equity method. This is due to the fact that they are small in size, and the sums of AIFUL's share of their consolidated net income or loss and retained earnings would have a negligible effect on the consolidated financial statements.                                                                                                                                                                                                                                                         |
| 3. Matters concerning the settlement dates of consolidated subsidiaries | The fiscal year-end of consolidated subsidiary Marutoh K.K. is February 28. Financial statements as of this date are used in the preparation of the consolidated financial statements, with significant events taking place between balance sheet dates adjusted for as necessary.                                                                                                                                                                                                                                                                          | Consolidated subsidiary Marutoh K.K. has changed its fiscal year-end from February 28 to March 31.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4. Accounting principles used for standard accounting treatment         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| (1) Appraisal standards and methods for principal assets                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| i) Marketable securities                                                | <p>Bonds held to maturity:<br/>Amortized cost method (fixed amount method)</p> <p>Other marketable securities<br/>Securities valued at market:<br/>Market value method based on the market prices on the settlement date. All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method.</p> <p>Securities not valued at market:<br/>Cost method, cost being determined by the moving average method</p>                                                                          | <p>Marketable securities for trading purposes<br/>Market value method (sale price computed using the moving average method)</p> <p>Bonds held to maturity:<br/>As on left</p> <p>Other marketable securities<br/>Securities valued at market:<br/>As on left</p> <p>Securities not valued at market:<br/>As on left</p>                                                                                                                                                                                                                                                                                                          |
| ii) Inventories                                                         | <p>Real estate for sale:<br/>Lower-of-cost-or-market method, cost being determined by the specific cost method</p> <p>Warehouse goods<br/>Latest purchase cost method</p> <p>Purchased claims<br/>Cost method, cost being determined by the specific cost method</p>                                                                                                                                                                                                                                                                                        | <p>Real estate for sale:<br/>As on left</p> <p>Warehouse goods<br/>As on left</p> <p>Purchased claims<br/>As on left</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (2) Depreciation methods for depreciable assets                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| i) Tangible fixed assets                                                | <p>Diminishing balance depreciation method<br/>Major useful lives are as follows:<br/>Buildings and structures 2-62 years<br/>Machinery and vehicles 4-15 years<br/>Equipment and fixtures 2-20 years</p>                                                                                                                                                                                                                                                                                                                                                   | <p>As on left</p> <p>Buildings and structures 2-62 years<br/>Machinery and vehicles 2-15 years<br/>Equipment and fixtures 2-20 years</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| Item                                                 | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ii) Intangible fixed assets                          | <ul style="list-style-type: none"> <li>- Software<br/>Straight-line method based on the assumed useful life for internal use (5 years)</li> <li>- Others<br/>Straight-line method</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (3) Accounting standards for allowances and reserves |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| i) Allowance for bad debts                           | Provision for losses on bad debts is made up to the necessary amount considering the actual percentage of bad loan write-offs for normal claims, and up to the amount forecast to be irrecoverable based on individual assessments of recoverability for doubtful claims.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ii) Reserve for accrued bonuses                      | Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the fiscal year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| iii) Allowance for retirement benefits for employees | <p>Provision for employees' retirement benefits is made on the basis of forecast retirement benefit obligations and pension assets at the end of the consolidated fiscal year.</p> <p>Actuarial differences and past service obligations are generally written off as lump sum expenses in the consolidated fiscal year in which they arise.</p> <p>(Supplementary Information)<br/>With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL and some of its consolidated domestic subsidiaries obtained from the Minister of Health, Labour and Welfare, as of September 25, 2003, an exemption from the obligation to make future payments with respect to the agency portion of employees' pension fund.</p> <p>The estimated amount returned (minimum liability) as of the end of the consolidated fiscal year is 2,509 million yen. If AIFUL were to apply the interim measure set forth in the "Practice Guideline Concerning Retirement Benefit Accounting (Interim Report)" (Report of the Accounting Standards Committee of The Japanese Institute of Certified Public Accountants No. 13, Item 44-2), the amount to be recorded as a profit would be 263 million yen.</p> <p>Some consolidated domestic subsidiaries have applied the interim measures set forth in Item 47-2 of the Practice Guideline, having written off the retirement benefit obligation relating to the agency portion, and pension assets equivalent to the returned amount regarded as extinguished on the date of approval of the relevant exemption. The estimated amount returned (minimum liability) at the end of the consolidated fiscal year is 4,067 million yen.</p> | <p>Provision for employees' retirement benefits is made on the basis of forecast retirement benefit obligations and pension assets at the end of the current consolidated fiscal year.</p> <p>Actuarial differences and past service obligations are generally written off as lump sum expenses in the consolidated fiscal year in which they arise.</p> <p>(Supplementary Information)<br/>With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL and some of its consolidated domestic subsidiaries received authorization from the Minister of Health, Labour and Welfare on September 30, 2004 to return the past portion of the agency portion of the employees' pension fund. The amount returned was confirmed on March 16, 2005. The impact on consolidated profit and loss in the current fiscal year is 207 million yen recorded as extraordinary income.</p> <p>AIFUL and some of its consolidated domestic subsidiaries obtained authorization on September 30, 2004 from the Minister of Health, Welfare and Labour to dissolve the AIFUL employees' pension fund and to introduce defined contribution pensions, and a new defined contribution pension system and advance retirement benefit system were adopted on October 1, 2004. However, the amount of assets under management per individual to be transferred to the defined contribution pension system with respect to the portion relating to past service had not been determined as of March 31, 2005.</p> <p>In addition, some of the consolidated domestic subsidiaries dissolved the employees' pension fund on March 31, 2005 with the enforcement of the Defined Contribution Pension Law. At the same time, they revised the retirement benefit system on April 1, 2005 and adopted defined contribution pension and advance retirement benefit systems on the same day.</p> <p>Other consolidated domestic subsidiaries have transferred from the lump sum retirement benefit system to the defined contribution pension and advance retirement benefit systems, applying the accounting rules in "Accounting for Transfers among Retirement Benefit Plans (Financial Accounting Standard Implementation Guidance No. 1)."</p> <p>The impact of these transfers on consolidated profit and loss in the current fiscal year is 208 million yen recorded as "Gain on transfer to defined contribution pension system" under extraordinary income.</p> |

| Item                                                                     | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                             | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| iv) Allowance for retirement benefits for directors                      | The Company provides for retirement benefits for directors by determining the amount to be paid at the end of the consolidated fiscal year based on the regulation for the payment of directors' retirement benefits.                                                                                                                                                                                                                                                                            | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| (4) Significant accounting policies relating to the financial statements |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                      |
| i) Interest on loans to customers                                        | Interest on loans to customers is recorded in accordance with accrual standards. Uncollected interest is recorded at the lower of the maximum legal interest rate and the pertinent Company interest rate.                                                                                                                                                                                                                                                                                       | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| ii) Accounting standards for credit revenue                              | Commission charges from customers and franchised stores based upon add-on systems are treated as "gains on deferred installments" in a lump sum at the time the credit contract is concluded, and transferred to revenues at the time the bill is made. However, customer commission charges based upon the reserve-on-balance or revolving styles are treated as revenues at the time the bill is made. The segment revenue distribution method, based on the add-on system, is the 7:3 method. | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| iii) Credit guarantee revenue                                            | Credit guarantee revenues are accounted for with the diminishing-balance method.                                                                                                                                                                                                                                                                                                                                                                                                                 | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| iv) Accounting treatment of interest on debt                             | Interest on debt used to provide consumer loans is accounted for as "interest expenses" in financial expenses. All other interest expenses are accounted for as "interest expenses" in non-operating expenses.                                                                                                                                                                                                                                                                                   | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| (5) Accounting treatment of lease transactions                           | In finance lease transactions, other than those in which the title of the leased asset is deemed to be transferred to the lessee, finance leases are treated according to the method used for ordinary loan transactions, <i>mutatis mutandis</i> .                                                                                                                                                                                                                                              | As on left                                                                                                                                                                                                                                                                                                                                                                           |
| (6) Hedge accounting methods                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                      |
| i) Hedge accounting methods                                              | The Company uses deferred hedge accounting. However, the Company uses exceptional accounting rules for interest swaps that meet the requirements for exceptional treatment as interest swaps and interest caps.                                                                                                                                                                                                                                                                                  | The Company uses deferred hedge accounting.<br>The Company also applies appropriation treatment to exchange rate fluctuation risk hedge transactions that meet the requirements for appropriation treatment, and exceptional accounting rules for interest swaps that meet the requirements for exceptional treatment as interest swaps and interest caps.                           |
| ii) Hedging methods and hedged transactions                              | Hedging methods:<br>Interest caps and interest swaps<br><br>Hedged transactions:<br>Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).                                                                                                                                                                                                                                                       | a. Hedging methods:<br>Currency swaps<br><br>Hedged transactions:<br>Foreign currency-denominated bonds<br><br>b. Hedging methods:<br>Interest caps and interest swaps<br><br>Hedged transactions:<br>Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).                         |
| iii) Hedging policy                                                      | The Company uses hedge transactions for interest caps and interest swaps to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured.                                                                                                                                                                                                                                                                                                        | The Company uses currency swaps as hedge transactions for exchange rate fluctuation risk related to the payment of principal and interest on foreign currency denominated corporate bonds. The Company uses hedge transactions for interest caps and interest swaps to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured. |

| Item                                                                                        | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                      | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| iv) Evaluation of hedge effectiveness                                                       | The Company determines the effectiveness of its hedging transactions based on a method of ratio analysis covering cumulative changes over a ten-year period. However, no evaluation of the effectiveness of interest swaps based on exceptional accounting rules is conducted.                                            | As on left                                                          |
| (7) Accounting treatment of consumption taxes                                               | Consumption taxes are taken out of all Statement of Income items and Balance Sheet items. Consumption taxes for fixed assets that are not subject to the exclusion, however, are included in "other" under investment and other fixed assets, and are written off using the straight-line method over a five-year period. | As on left                                                          |
| 5. Matters pertaining to the valuation of consolidated subsidiaries' assets and liabilities | Assets and liabilities of consolidated subsidiaries are all evaluated using the market value method.                                                                                                                                                                                                                      | As on left                                                          |
| 6. Write-down of the consolidation adjustment account                                       | The Company writes down the consolidation adjustment account using the straight-line method over a ten-year period. Items that do not have a significant effect on the consolidated financial statements, however, are written down completely in the year in which the adjustment is made.                               | As on left                                                          |
| 7. Matters pertaining to appropriation of profit-related items                              | Consolidated statements of retained earnings are based upon appropriated profit settled during the consolidated fiscal year.                                                                                                                                                                                              | As on left                                                          |
| 8. Scope of cash and cash equivalents in the consolidated statements of cash flows          | Cash and cash equivalents include cash on hand, deposits on demand, and short-term, highly liquid investments with maturities of three months or less at the date of acquisition that are readily convertible to cash and cash equivalents and are subject to only insignificant risk of changes in value.                | As on left                                                          |

## 6. Changes in Labeling Method

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(Notes to the Consolidated Statement of Income)<br/>Because "interest expenses" exceeded 10% of total non-operating expenses, this item was recorded as a category. This item was included as 223 million yen in "other" in non-operating expenses in the previous consolidated fiscal year.</p> <p>An "investment in anonymous association" exceeded 10% of total non-operating expenses, so it has been recorded as a category. This item was included as 514 million yen in "other" in non-operating expenses in the previous consolidated fiscal year.</p> | <p>(Notes to the Consolidated Balance Sheets)<br/>Investments of 3,313 million yen in limited liability investment partnerships and equivalent partnerships were included in Investment securities based on "Practice Guideline Concerning Accounting Standards for Financial Instruments" (Report of the Accounting Standards Committee No. 14). In the previous consolidated fiscal year, investments of 1,718 million yen were included under "Other" in Investment and other fixed assets.</p> |

## 7. Supplementary Information

| Previous consolidated fiscal year<br>(Apr. 1 2003 to Mar. 31, 2004) | Current consolidated fiscal year<br>(Apr. 1 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| —                                                                   | <p>1 On March 31, 2003, "Partial Revisions of Regional Tax Laws" (Law No. 9 of 2003) was published, and with the incorporation of pro forma standard taxation systems into corporate enterprise taxes from the fiscal year commencing April 1, 2004, the corporate enterprise tax levied in proportion to added value and capital will be included under "Other" in "Operating expenses - other" from the current consolidated fiscal year in accordance with "Practical Treatment Concerning Presentation of Pro Forma Standard Taxation Portion of Enterprise Tax in Statement of Income," Practice Report No. 12, February 13, 2004, Accounting Standards Boards of Japan.</p> <p>As a result, "Other operating expenses" increased 1,252 million yen, and operating income, ordinary income and net income before taxes fell 1,252 million yen.</p> <p>2 The meeting of the Board of Directors held on February 21, 2005 resolved to undertake a stock split as follows.</p> <p>(1) Splitting procedure<br/>The Company's common shares owned by shareholders whose names are stated or recorded in the final register of shareholders and the register of beneficiary shareholders as of March 31 2005 shall be split 1.5 for each one share.</p> <p>(2) Number and type of shares to be increased due to the stock split<br/>47,345,000 shares of common stock</p> <p>(3) Date of stock split<br/>May 23, 2005</p> <p>(4) First date of dividend accrual period<br/>April 1, 2005</p> <p>Per share numerical data assuming the implementation of the stock split at the beginning of the previous consolidated fiscal year and at the beginning of the current consolidated fiscal year is as follows.</p> <p>(1) Previous consolidated fiscal year (yen)<br/>Net asset per share 3,863.05<br/>Net income per share 440.65</p> <p>(2) Current consolidated fiscal year (yen)<br/>Net asset per share 4,358.51<br/>Net income per share 533.40<br/>Diluted net income per share 533.36</p> |

## 8. Notes

### A. Notes to the Consolidated Balance Sheets

| End of previous consolidated fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | End of current consolidated fiscal year<br>(As of Mar. 31, 2005) |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----|-------|---------|-------------------------|--------|-----------|-----|--------------------------|-----|------------------------|----|------|-------|-------------------------------------------|----|-------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----|-------|---------|-------------------------|--------|-----------|-----|--------------------------|-----|------------------------|----|------|-------|-------|---------|
| <p>*1 Capital surplus includes an increase of 18,693 million yen in a simple equity swap. This includes a difference of 13,900 million yen recorded in the valuation of subsidiary's stock incurred in capital consolidation methods.</p> <p>*2 Assets pledged as collateral and corresponding liabilities</p> <p>(1) Assets pledged as collateral</p> <p style="text-align: right;">(In millions of yen)</p> <table> <tr><td>Cash and deposits</td><td>546</td></tr> <tr><td>Loans</td><td>760,544</td></tr> <tr><td>Installment receivables</td><td>45,367</td></tr> <tr><td>Inventory</td><td>124</td></tr> <tr><td>Buildings and structures</td><td>960</td></tr> <tr><td>Machinery and vehicles</td><td>18</td></tr> <tr><td>Land</td><td>1,470</td></tr> <tr><td>Investment and other fixed assets (other)</td><td>73</td></tr> <tr><td>Total</td><td>809,104</td></tr> </table> | Cash and deposits                                                | 546 | Loans | 760,544 | Installment receivables | 45,367 | Inventory | 124 | Buildings and structures | 960 | Machinery and vehicles | 18 | Land | 1,470 | Investment and other fixed assets (other) | 73 | Total | 809,104 | <p>*1 As on left</p> <p>*2 Assets pledged as collateral and corresponding liabilities</p> <p>(1) Assets pledged as collateral</p> <p style="text-align: right;">(In millions of yen)</p> <table> <tr><td>Cash and deposits</td><td>532</td></tr> <tr><td>Loans</td><td>855,522</td></tr> <tr><td>Installment receivables</td><td>58,730</td></tr> <tr><td>Inventory</td><td>113</td></tr> <tr><td>Buildings and structures</td><td>906</td></tr> <tr><td>Machinery and vehicles</td><td>13</td></tr> <tr><td>Land</td><td>1,470</td></tr> <tr><td>Total</td><td>917,288</td></tr> </table> | Cash and deposits | 532 | Loans | 855,522 | Installment receivables | 58,730 | Inventory | 113 | Buildings and structures | 906 | Machinery and vehicles | 13 | Land | 1,470 | Total | 917,288 |
| Cash and deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 546                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 760,544                                                          |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 45,367                                                           |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Inventory                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 124                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Buildings and structures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 960                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Machinery and vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 18                                                               |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Land                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1,470                                                            |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Investment and other fixed assets (other)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 73                                                               |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 809,104                                                          |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Cash and deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 532                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 855,522                                                          |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 58,730                                                           |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Inventory                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 113                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Buildings and structures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 906                                                              |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Machinery and vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 13                                                               |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Land                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1,470                                                            |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 917,288                                                          |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |                                           |    |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |     |       |         |                         |        |           |     |                          |     |                        |    |      |       |       |         |

| End of previous consolidated fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                               |                                |                      |                                |                          | End of current consolidated fiscal year<br>(As of Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                |                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------|--------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------|--------------------------------|--------------------------|
| (2) Corresponding liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                |                          | (2) Corresponding liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                | (In millions of yen) |                                |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                | (In millions of yen) |                                |                          |
| Short-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |                      |                                | 45,320                   | Short-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                | 53,240                   |
| Current portion of long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 220,249                  | Current portion of long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                |                      |                                | 229,617                  |
| Long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                |                      |                                | 359,991                  | Long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                |                      |                                | 380,695                  |
| Current liabilities (other)                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                |                      |                                | 114                      | Current liabilities (other)                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                |                      |                                | 170                      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 625,675                  | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 663,723                  |
| Above amounts include items related to the securitization of loans receivables, 259,797 million yen for outstanding loans receivables, 31,278 million yen for the current portion of long-term debts, and 90,268 million yen for long-term debts.                                                                                                                                                                                                               |                                |                      |                                |                          | Above amounts include items related to the securitization of loans receivables, 344,038 million yen for outstanding loans receivables, 33,276 million yen for the current portion of long-term debts, and 100,989 million yen for long-term debts.                                                                                                                                                                                                                 |                                |                      |                                |                          |
| The matters below are not included in the aforementioned amounts.                                                                                                                                                                                                                                                                                                                                                                                               |                                |                      |                                |                          | The matters below are not included in the aforementioned amounts.                                                                                                                                                                                                                                                                                                                                                                                                  |                                |                      |                                |                          |
| <ul style="list-style-type: none"> <li>The Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 200 million yen for short-term debts, 83,946 million yen for the current portion of long-term debts, 84,087 million yen for long-term debts, totaling 168,234 million yen.</li> <li>The Company has also offered 6,153 million yen in cash and cash equivalents as collateral for swap transactions.</li> </ul> |                                |                      |                                |                          | <ul style="list-style-type: none"> <li>The Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 400 million yen for short-term debts, 76,016 million yen for the current portion of long-term debts, and 77,995 million yen in long-term debts, totaling 154,411 million yen.</li> <li>The Company has also offered 4,456 million yen in cash and cash equivalents as collateral for swap transactions.</li> </ul> |                                |                      |                                |                          |
| *3 Assets accepted as collateral with full rights of disposal and corresponding market values                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                |                          | *3 Assets accepted as collateral with full rights of disposal and corresponding market values                                                                                                                                                                                                                                                                                                                                                                      |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                | (In millions of yen) |                                |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                | (In millions of yen) |                                |                          |
| Transferred accounts                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                |                      |                                | 10,000                   | Commercial paper                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                | 4,998                    |
| Commercial paper                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |                      |                                | 9,998                    | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 4,998                    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 19,998                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                |                      |                                |                          |
| *4 Value of stock of non-consolidated subsidiaries and affiliates included in investment securities                                                                                                                                                                                                                                                                                                                                                             |                                |                      |                                |                          | *4 Value of stock of non-consolidated subsidiaries and affiliates included in investment securities                                                                                                                                                                                                                                                                                                                                                                |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                |                      |                                | 19 million yen           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                |                      |                                | 157 million yen          |
| *5 Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |                      |                                |                          | *5 Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                | (In millions of yen) |                                |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                | (In millions of yen) |                                |                          |
| Credit card shopping                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                |                      |                                | 46,707                   | Credit card shopping                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                      |                                | 55,971                   |
| Per-item shopping                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                      |                                | 107,576                  | Per-item shopping                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                |                      |                                | 136,430                  |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 1                        | Other                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 0                        |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 154,285                  | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 192,401                  |
| *6 Gains on deferred installments                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                      |                                |                          | *6 Gains on deferred installments                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                | (In millions of yen) |                                |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                | (In millions of yen) |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Balance at end of prior period | Gains during period  | Amounts realized during period | Balance at end of period |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Balance at end of prior period | Gains during period  | Amounts realized during period | Balance at end of period |
| Credit card shopping                                                                                                                                                                                                                                                                                                                                                                                                                                            | 538                            | 7,884                | 8,044                          | 377 (67)                 | Credit card shopping                                                                                                                                                                                                                                                                                                                                                                                                                                               | 377                            | 9,162                | 9,007                          | 532 (114)                |
| Per-item shopping                                                                                                                                                                                                                                                                                                                                                                                                                                               | 9,661                          | 15,428               | 15,151                         | 9,937 (1,150)            | Per-item shopping                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 9,937                          | 20,638               | 16,930                         | 13,646 (1,492)           |
| Guarantees                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 670                            | 3,600                | 3,842                          | 428 (0)                  | Guarantees                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 428                            | 3,930                | 4,043                          | 315 (0)                  |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 219                            | 76,384               | 76,520                         | 82 (-)                   | Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 82                             | 83,170               | 83,224                         | 29 (-)                   |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 11,089                         | 103,297              | 103,559                        | 10,826 (1,217)           | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 10,826                         | 116,902              | 113,205                        | 14,523 (1,606)           |
| Note: Amounts in parenthesis are merchant fees.                                                                                                                                                                                                                                                                                                                                                                                                                 |                                |                      |                                |                          | Note: Amounts in parenthesis are merchant fees.                                                                                                                                                                                                                                                                                                                                                                                                                    |                                |                      |                                |                          |
| *7 Securitization of receivables                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |                      |                                |                          | *7 Securitization of receivables                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |                      |                                |                          |
| The amount of loans and installment receivables removed from the balance sheet through the securitization of claims stood at 213,981 million yen at the end of the consolidated fiscal year. The break down was as follows:                                                                                                                                                                                                                                     |                                |                      |                                |                          | The amount of loans and installment receivables removed from the balance sheet through the securitization of claims stood at 184,027 million yen at the end of the consolidated fiscal year. The break down was as follows:                                                                                                                                                                                                                                        |                                |                      |                                |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                | (In millions of yen) |                                |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                | (In millions of yen) |                                |                          |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 120,715                  | Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 99,580                   |
| Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |                      |                                | 93,266                   | Installment receivables                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                |                      |                                | 84,447                   |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                      |                                | 213,981                  | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |                      |                                | 184,027                  |

| End of previous consolidated fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | End of current consolidated fiscal year<br>(As of Mar. 31, 2005)                                                                                                                     |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|-------|----------------------|-------|--------|--------|------------------|--------|--------|--------|---------------------------------------|--------|-------|--------|---------------------------|--------|-------|--------|-------|--------|--------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------|-------------|-------|----------------------|-------|--------|--------|------------------|--------|--------|--------|---------------------------------------|--------|-------|--------|---------------------------|--------|-------|--------|-------|---------|--------|---------|
| <p>*8 Bad debts<br/>The bad debts included in loans and claims in bankruptcy are shown below:</p> <p style="text-align: right;">(In millions of yen)</p> <table><tr><th></th><th>Unsecured loans</th><th>Other loans</th><th>Total</th></tr><tr><td>Claims in bankruptcy</td><td>6,518</td><td>22,118</td><td>28,636</td></tr><tr><td>Loans in arrears</td><td>28,597</td><td>23,854</td><td>52,452</td></tr><tr><td>Loans in arrears longer than 3 months</td><td>12,736</td><td>5,083</td><td>17,819</td></tr><tr><td>Loans with adjusted terms</td><td>49,856</td><td>1,060</td><td>50,916</td></tr><tr><td>Total</td><td>97,709</td><td>52,116</td><td>149,825</td></tr></table> <p>Explanations for each of the above items follow:<br/>(Claims in bankruptcy)<br/>“Claims in bankruptcy” refers to loans that are included in loans on which principal or interest payments have been continuously late for a considerable period of time for the reasons cited in Article 96, Paragraph 1, Number 3, Items A through E of the Corporate Income Tax Law Execution Ordinance (1965, Ordinance No. 97), or for the reasons set forth in Number 4 of the same paragraph. The Company sets aside a reserve for bad debts that is equivalent to the amount the Company believes it will be unable to recover based on an evaluation of each loan.</p> <p>(Loans in arrears)<br/>“Loans in arrears” refers to loans other than claims in bankruptcy for which unpaid interest is not accrued. This excludes loans, however, that are included in loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments.</p> <p>(Loans in arrears longer than 3 months)<br/>“Loans in arrears longer than 3 months” refers to loans for which the principal or interest payment is three or more months overdue from the day following the scheduled payment date and that are not regarded as claims in bankruptcy or loans in arrears.</p> <p>(Loans with adjusted terms)<br/>“Loans with adjusted terms” refers to loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments, and that are not regarded as claims in bankruptcy, loans in arrears or loans in arrears longer than 3 months.</p> |                                                                                                                                                                                      | Unsecured loans | Other loans | Total | Claims in bankruptcy | 6,518 | 22,118 | 28,636 | Loans in arrears | 28,597 | 23,854 | 52,452 | Loans in arrears longer than 3 months | 12,736 | 5,083 | 17,819 | Loans with adjusted terms | 49,856 | 1,060 | 50,916 | Total | 97,709 | 52,116 | 149,825 | <p>*8 Bad debts<br/>The bad debts included in loans and claims in bankruptcy are shown below:</p> <p style="text-align: right;">(In millions of yen)</p> <table><tr><th></th><th>Unsecured loans</th><th>Other loans</th><th>Total</th></tr><tr><td>Claims in bankruptcy</td><td>6,240</td><td>24,779</td><td>31,019</td></tr><tr><td>Loans in arrears</td><td>31,551</td><td>28,731</td><td>60,283</td></tr><tr><td>Loans in arrears longer than 3 months</td><td>14,846</td><td>6,202</td><td>21,049</td></tr><tr><td>Loans with adjusted terms</td><td>59,780</td><td>3,003</td><td>62,784</td></tr><tr><td>Total</td><td>112,418</td><td>62,717</td><td>175,136</td></tr></table> <p>Explanations for each of the above items follow:<br/>(Claims in bankruptcy)<br/>As on left</p> <p>(Loans in arrears)<br/>As on left</p> <p>(Loans in arrears longer than 3 months)<br/>As on left</p> <p>(Loans with adjusted terms)<br/>As on left</p> |  | Unsecured loans | Other loans | Total | Claims in bankruptcy | 6,240 | 24,779 | 31,019 | Loans in arrears | 31,551 | 28,731 | 60,283 | Loans in arrears longer than 3 months | 14,846 | 6,202 | 21,049 | Loans with adjusted terms | 59,780 | 3,003 | 62,784 | Total | 112,418 | 62,717 | 175,136 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Unsecured loans                                                                                                                                                                      | Other loans     | Total       |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Claims in bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 6,518                                                                                                                                                                                | 22,118          | 28,636      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans in arrears                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 28,597                                                                                                                                                                               | 23,854          | 52,452      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans in arrears longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 12,736                                                                                                                                                                               | 5,083           | 17,819      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans with adjusted terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 49,856                                                                                                                                                                               | 1,060           | 50,916      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 97,709                                                                                                                                                                               | 52,116          | 149,825     |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Unsecured loans                                                                                                                                                                      | Other loans     | Total       |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Claims in bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 6,240                                                                                                                                                                                | 24,779          | 31,019      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans in arrears                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 31,551                                                                                                                                                                               | 28,731          | 60,283      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans in arrears longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 14,846                                                                                                                                                                               | 6,202           | 21,049      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Loans with adjusted terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 59,780                                                                                                                                                                               | 3,003           | 62,784      |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 112,418                                                                                                                                                                              | 62,717          | 175,136     |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |
| <p>*9 All issued stocks totaled 94,690,000 shares of common stock.</p> <p>*10 The number of shares of treasury stock held by the AIFUL Group was 222,866 shares of common stock.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>*9 All issued stocks totaled 94,690,000 shares of common stock.</p> <p>*10 The number of shares of treasury stock held by the AIFUL Group was 284,465 shares of common stock.</p> |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |        |       |        |                           |        |       |        |       |         |        |         |

## B. Notes to the Consolidated Statement of Income

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |                                                                                                                                                                                                                                                                         | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |                                                                                  |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------|
| *1                                                                   | Breakdown of loss on sale of fixed assets is as follows.<br>(In millions of yen)                                                                                                                                                                                        | *1                                                                  | Breakdown of loss on sale of fixed assets is as follows.<br>(In millions of yen) |
|                                                                      | Buildings and structures 3                                                                                                                                                                                                                                              |                                                                     | Buildings and structures 170                                                     |
|                                                                      | Land 13                                                                                                                                                                                                                                                                 |                                                                     | Land 110                                                                         |
|                                                                      | Other (Telephone rights) 243                                                                                                                                                                                                                                            |                                                                     | Other (Telephone rights) 101                                                     |
|                                                                      | Total 259                                                                                                                                                                                                                                                               |                                                                     | Total 383                                                                        |
| *2                                                                   | The amount of tax losses carried forward at a subsidiary at the time of acquisition of the subsidiary's shares that corresponds to the accrued deferred tax assets at the subsidiary following the acquisition of the subsidiary's shares is written off as a lump sum. | *2                                                                  | As on left                                                                       |

## C. Notes to the Consolidated Statement of Cash Flows

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |                                                                                                                                                                                                     | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *1                                                                   | Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the categories shown on the consolidated balance sheets:<br>(In millions of yen) | *1                                                                  | Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the categories shown on the consolidated balance sheets:<br>(In millions of yen)                                                                                                                                                                                                                                                                                                  |
|                                                                      | Cash and cash equivalents account 99,163                                                                                                                                                            |                                                                     | Cash and cash equivalents account 109,575                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                      | Term deposits with maturity greater than 3 months (833)                                                                                                                                             |                                                                     | Term deposits with maturity greater than 3 months (609)                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                      | Cash and cash equivalents 98,329                                                                                                                                                                    |                                                                     | Cash and cash equivalents 108,965                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                      |                                                                                                                                                                                                     | *2                                                                  | Breakdown of primary assets and liabilities of companies that became new consolidated subsidiaries due to stock acquisition<br>The breakdown of the assets and liabilities at the start of the consolidated period following the consolidation of Wide Corporation and TCM Co., Ltd. through stock acquisition, the acquisition price of Wide Corporation and TCM shares and the relationship to expenditures (net) made to acquire Wide Corporation and TCM are as follows:<br>(In millions of yen) |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Current assets 80,284                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Fixed assets 7,319                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Consolidation adjustment account 4,584                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Current liabilities (31,061)                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Long-term liabilities (44,276)                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Acquisition price of shares of Wide Corporation and TCM 16,849                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Wide Corporation's and TCM's Balance of cash and cash equivalents at start of fiscal period (6,952)                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                                      |                                                                                                                                                                                                     |                                                                     | Net expenditures to acquire Wide Corporation and TCM 9,897                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## 9. Lease Transaction

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                              |                          |                       | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                        |                                                                                                                              |                          |                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee |                          |                       | 1                                                                                                                                          | Finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee |                          |                       |
| (1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Acquisition cost, accumulated depreciation and period ending balance of lease assets                                         |                          |                       | (1)                                                                                                                                        | Acquisition cost, accumulated depreciation and period ending balance of lease assets                                         |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (In millions of yen)                                                                                                         |                          |                       |                                                                                                                                            | (In millions of yen)                                                                                                         |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Acquisition cost                                                                                                             | Accumulated depreciation | Period ending balance |                                                                                                                                            | Acquisition cost                                                                                                             | Accumulated depreciation | Period ending balance |
| Buildings and structures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 9                                                                                                                            | 1                        | 7                     | Buildings and structures                                                                                                                   | 9                                                                                                                            | 3                        | 5                     |
| Machinery and vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 480                                                                                                                          | 327                      | 153                   | Machinery and vehicles                                                                                                                     | 313                                                                                                                          | 170                      | 143                   |
| Equipment and fixtures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 27,600                                                                                                                       | 18,648                   | 8,951                 | Equipment and fixtures                                                                                                                     | 19,555                                                                                                                       | 12,755                   | 6,800                 |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 28,090                                                                                                                       | 18,977                   | 9,112                 | Total                                                                                                                                      | 19,878                                                                                                                       | 12,929                   | 6,949                 |
| (2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Outstanding balance of future lease payments at the end of the period                                                        |                          |                       | (2)                                                                                                                                        | Outstanding balance of future lease payments at the end of the period                                                        |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (In millions of yen)                                                                                                         |                          |                       |                                                                                                                                            | (In millions of yen)                                                                                                         |                          |                       |
| Within one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 4,729                                                                                                                        |                          |                       | Within one year                                                                                                                            | 3,790                                                                                                                        |                          |                       |
| Over one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 4,497                                                                                                                        |                          |                       | Over one year                                                                                                                              | 3,108                                                                                                                        |                          |                       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 9,226                                                                                                                        |                          |                       | Total                                                                                                                                      | 6,899                                                                                                                        |                          |                       |
| (3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Amount of lease fee payments, the amount equivalent to depreciation expenses, and the amount equivalent to interest expenses |                          |                       | (3)                                                                                                                                        | Amount of lease fee payments, the amount equivalent to depreciation expenses, and the amount equivalent to interest expenses |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (In millions of yen)                                                                                                         |                          |                       |                                                                                                                                            | (In millions of yen)                                                                                                         |                          |                       |
| Lease fee payments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6,460                                                                                                                        |                          |                       | Lease fee payments                                                                                                                         | 6,802                                                                                                                        |                          |                       |
| Depreciation expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6,214                                                                                                                        |                          |                       | Depreciation expenses                                                                                                                      | 6,240                                                                                                                        |                          |                       |
| Interest expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 207                                                                                                                          |                          |                       | Interest expenses                                                                                                                          | 237                                                                                                                          |                          |                       |
| (4)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Accounting method for the amount equivalent to depreciation expenses                                                         |                          |                       | (4)                                                                                                                                        | Accounting method for the amount equivalent to depreciation expenses                                                         |                          |                       |
| Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the fixed amount method. The method for calculating the amount equivalent to depreciation expenses was changed from the sum-of-the-years-digits method to the fixed amount method in the consolidated fiscal year. As a result, the amount equivalent to cumulative depreciation is 1,875 million yen less, and the amount equivalent to depreciation expenses is 703 million yen more. |                                                                                                                              |                          |                       | Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the fixed amount method. |                                                                                                                              |                          |                       |
| (5)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Accounting method for the amount equivalent to interest expenses                                                             |                          |                       | (5)                                                                                                                                        | Accounting method for the amount equivalent to interest expenses                                                             |                          |                       |
| Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.                                                                                                                                                                                                                                                                         |                                                                                                                              |                          |                       | As on left                                                                                                                                 |                                                                                                                              |                          |                       |
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Operating lease transactions                                                                                                 |                          |                       | 2                                                                                                                                          | Operating lease transactions                                                                                                 |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Future lease payments, as in (2) above                                                                                       |                          |                       |                                                                                                                                            | Future lease payments, as in (2) above                                                                                       |                          |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (In millions of yen)                                                                                                         |                          |                       |                                                                                                                                            | (In millions of yen)                                                                                                         |                          |                       |
| Within one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 104                                                                                                                          |                          |                       | Within one year                                                                                                                            | 109                                                                                                                          |                          |                       |
| Over one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 221                                                                                                                          |                          |                       | Over one year                                                                                                                              | 140                                                                                                                          |                          |                       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 325                                                                                                                          |                          |                       | Total                                                                                                                                      | 250                                                                                                                          |                          |                       |

## 10. Marketable Securities

### A. For the Previous Consolidated Fiscal Year (Apr. 1, 2003 to Mar. 31, 2004)

#### (1) Other Marketable Securities with Market Value

(In millions of yen)

| Segment                                                                       | Acquisition | Value stated on consolidated balance sheet | Difference |
|-------------------------------------------------------------------------------|-------------|--------------------------------------------|------------|
| Value stated on the consolidated balance sheet exceeding acquisition cost     |             |                                            |            |
| Stocks                                                                        | 5,148       | 12,685                                     | 7,537      |
| Bonds                                                                         | 120         | 120                                        | 0          |
| Subtotal                                                                      | 5,268       | 12,805                                     | 7,537      |
| Value stated on the consolidated balance sheet not exceeding acquisition cost |             |                                            |            |
| Stocks                                                                        | 1,635       | 1,289                                      | (345)      |
| Subtotal                                                                      | 1,635       | 1,289                                      | (345)      |
| Total                                                                         | 6,903       | 14,095                                     | 7,191      |

#### (2) Other Marketable Securities Sold During the Fiscal Year

(In millions of yen)

| Sales price | Total gain on sale | Total loss on sale |
|-------------|--------------------|--------------------|
| 2,045       | 738                | 43                 |

#### (3) Other Marketable Securities Without Market Price and Value Stated on Consolidated Balance Sheet

(In millions of yen)

| Segment                                  | Value stated on consolidated balance sheet |
|------------------------------------------|--------------------------------------------|
| Non-listed stocks (excluding OTC stocks) | 1,522                                      |
| Other                                    | 1,500                                      |

#### (4) Scheduled Amount of Redemption after the Consolidated Settlement Date for Other Marketable Securities (With an Expiration Period) and Bonds to Be Held to Maturity

(In millions of yen)

| Segment                     | Within one year | One year to five years | Five years to ten years | Over ten years |
|-----------------------------|-----------------|------------------------|-------------------------|----------------|
| Other marketable securities |                 |                        |                         |                |
| Bonds                       |                 |                        |                         |                |
| National and local bonds    | 120             | —                      | —                       | —              |

### B. For the Current Consolidated Fiscal Year (Apr. 1, 2004 to Mar. 31, 2005)

#### (1) Marketable Securities for Trading

(In millions of yen)

| Value stated on the consolidated balance sheet at the end of the current consolidated fiscal year | Evaluation difference included in consolidated profit and loss for current consolidated fiscal year |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 1,622                                                                                             | (113)                                                                                               |

#### (2) Other Marketable Securities with Market Value

(In millions of yen)

| Segment                                                                       | Acquisition | Value stated on consolidated balance sheet | Difference |
|-------------------------------------------------------------------------------|-------------|--------------------------------------------|------------|
| Value stated on the consolidated balance sheet exceeding acquisition cost     |             |                                            |            |
| Stocks                                                                        | 7,522       | 16,591                                     | 9,068      |
| Bonds                                                                         | —           | —                                          | —          |
| Subtotal                                                                      | 7,522       | 16,591                                     | 9,068      |
| Value stated on the consolidated balance sheet not exceeding acquisition cost |             |                                            |            |
| Stocks                                                                        | 1,231       | 1,030                                      | (201)      |
| Subtotal                                                                      | 1,231       | 1,030                                      | (201)      |
| Total                                                                         | 8,753       | 17,621                                     | 8,867      |

**(3) Other Marketable Securities Sold During the Current Fiscal Year**

(In millions of yen)

| Sales price | Total gain on sale | Total loss on sale |
|-------------|--------------------|--------------------|
| 1,643       | 712                | 170                |

**(4) Other Marketable Securities Without Market Price and Value Stated on Consolidated Balance Sheet**

(In millions of yen)

| Category                                                 | Value stated on consolidated balance sheet |
|----------------------------------------------------------|--------------------------------------------|
| Non-listed stocks (excluding OTC stocks)                 | 1,681                                      |
| Investments in limited liability investment partnerships | 3,313                                      |
| Other                                                    | 1,500                                      |

**(5) Scheduled Amount of Redemption after the Consolidated Settlement Date for Other Marketable Securities  
(With an Expiration Period) and Bonds to Be Held to Maturity**

(In millions of yen)

| Category                    | Within one year | One year to five years | Five years to ten years | Over ten years |
|-----------------------------|-----------------|------------------------|-------------------------|----------------|
| Other marketable securities |                 |                        |                         |                |
| Bonds                       |                 |                        |                         |                |
| National and local bonds    | -               | -                      | -                       | -              |
| Other                       | -               | -                      | -                       | -              |

## 11. Retirement Benefits

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------|-----------------------------------------|-------|---------------------------------------------------------------|-------|---------------------------------------------------------------|---------|---------------------------------|-----|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------|--------------------------------|-------|---------------------------------------------------------------|-----|---------------------------------------------------------------|-------|------------------------------------------------------|-------|------------------------------------------------------------|-------|---------------------------------|---------|------------------------------------------------------------------------------|-------|-------------------------------------------------------------|-------|
| 1                                                                            | The Company and its consolidated subsidiaries have established employees' pension funds, approved retirement annuities and retirement lump sum grant systems as regular benefit plans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1                                                                   | With the enforcement of the Defined Contribution Pension Law, AIFUL and its consolidated subsidiaries have abolished the employees' pension fund, the approved retirement annuities, and the retirement lump sum grant systems, and shifted to defined contribution pension and advance retirement benefit systems.                                                                     |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| 2                                                                            | <p>Retirement benefit liabilities</p> <p>(In millions of yen)</p> <table><tr><td>(1) Retirement benefit liabilities</td><td>(14,511)</td></tr><tr><td>(2) Pension assets</td><td>10,919</td></tr><tr><td>(3) Unreserved past service liabilities</td><td>-</td></tr><tr><td>(4) Difference between provisional and actuarial calculations</td><td>1,212</td></tr><tr><td>(5) Net balance sheet amounts</td><td>(2,379)</td></tr><tr><td>(6) Advance pension assets</td><td>37</td></tr><tr><td>(7) Allowance for retirement benefits for employees</td><td>(2,417)</td></tr></table>                                                                                                                                                                                                                                                                   | (1) Retirement benefit liabilities                                  | (14,511)                                                                                                                                                                                                                                                                                                                                                                                | (2) Pension assets    | 10,919 | (3) Unreserved past service liabilities | -     | (4) Difference between provisional and actuarial calculations | 1,212 | (5) Net balance sheet amounts                                 | (2,379) | (6) Advance pension assets      | 37  | (7) Allowance for retirement benefits for employees | (2,417)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2                                    | <p>Retirement benefit liabilities</p> <p>(In millions of yen)</p> <table><tr><td>(1) Retirement benefit liabilities</td><td>(8,236)</td></tr><tr><td>(2) Pension assets</td><td>7,032</td></tr><tr><td>(3) Difference between provisional and actuarial calculations</td><td>516</td></tr><tr><td>(4) Net balance sheet amounts</td><td>(687)</td></tr><tr><td>(5) Allowance for retirement benefits for employees</td><td>(687)</td></tr></table> <p>The impact of the shift from the employees' pension fund, approved retirement annuities and retirement lump sum grant systems to the defined contribution pension and advance retirement benefit systems is as follows.</p> <p>(In millions of yen)</p> <table><tr><td>Decrease in retirement benefit liabilities</td><td>4,281</td></tr><tr><td>Decrease in pension assets</td><td>(3,605)</td></tr><tr><td>Difference between provisional and actuarial calculations</td><td>(467)</td></tr><tr><td>Decrease in allowance for retirement benefits for employees</td><td>208</td></tr></table> | (1) Retirement benefit liabilities | (8,236) | (2) Pension assets             | 7,032 | (3) Difference between provisional and actuarial calculations | 516 | (4) Net balance sheet amounts                                 | (687) | (5) Allowance for retirement benefits for employees  | (687) | Decrease in retirement benefit liabilities                 | 4,281 | Decrease in pension assets      | (3,605) | Difference between provisional and actuarial calculations                    | (467) | Decrease in allowance for retirement benefits for employees | 208   |
| (1) Retirement benefit liabilities                                           | (14,511)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (2) Pension assets                                                           | 10,919                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (3) Unreserved past service liabilities                                      | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (4) Difference between provisional and actuarial calculations                | 1,212                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (5) Net balance sheet amounts                                                | (2,379)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (6) Advance pension assets                                                   | 37                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (7) Allowance for retirement benefits for employees                          | (2,417)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (1) Retirement benefit liabilities                                           | (8,236)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (2) Pension assets                                                           | 7,032                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (3) Difference between provisional and actuarial calculations                | 516                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (4) Net balance sheet amounts                                                | (687)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (5) Allowance for retirement benefits for employees                          | (687)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| Decrease in retirement benefit liabilities                                   | 4,281                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| Decrease in pension assets                                                   | (3,605)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| Difference between provisional and actuarial calculations                    | (467)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| Decrease in allowance for retirement benefits for employees                  | 208                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| 3                                                                            | <p>Retirement benefit expenses</p> <p>(In millions of yen)</p> <table><tr><td>(1) Service expenses<sup>Note</sup></td><td>1,168</td></tr><tr><td>(2) Interest expenses</td><td>306</td></tr><tr><td>(3) Expected investment income</td><td>(146)</td></tr><tr><td>(4) Expenses for past service liability</td><td>(549)</td></tr><tr><td>(5) Difference between provisional and actuarial calculations</td><td>(98)</td></tr><tr><td>(6) Retirement benefit expenses</td><td>679</td></tr></table> <p>Note: Employees' contributions to employees' pension funds have been deducted.</p>                                                                                                                                                                                                                                                               | (1) Service expenses <sup>Note</sup>                                | 1,168                                                                                                                                                                                                                                                                                                                                                                                   | (2) Interest expenses | 306    | (3) Expected investment income          | (146) | (4) Expenses for past service liability                       | (549) | (5) Difference between provisional and actuarial calculations | (98)    | (6) Retirement benefit expenses | 679 | 3                                                   | <p>Retirement benefit expenses</p> <p>(In millions of yen)</p> <table><tr><td>(1) Service expenses<sup>Note</sup></td><td>761</td></tr><tr><td>(2) Interest expenses</td><td>277</td></tr><tr><td>(3) Expected investment income</td><td>(183)</td></tr><tr><td>(4) Expenses for past service liability</td><td>620</td></tr><tr><td>(5) Difference between provisional and actuarial calculations</td><td>242</td></tr><tr><td>(6) Payments relating to advance retirement benefits</td><td>149</td></tr><tr><td>(7) Installment payments for defined contribution pensions</td><td>229</td></tr><tr><td>(8) Retirement benefit expenses</td><td>2,098</td></tr><tr><td>(9) Profit/loss accompanying transfer to defined contribution pension system</td><td>(208)</td></tr><tr><td>Total</td><td>1,889</td></tr></table> <p>Note: Employees' contributions to employees' pension funds have been deducted.</p> | (1) Service expenses <sup>Note</sup> | 761                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (2) Interest expenses              | 277     | (3) Expected investment income | (183) | (4) Expenses for past service liability                       | 620 | (5) Difference between provisional and actuarial calculations | 242   | (6) Payments relating to advance retirement benefits | 149   | (7) Installment payments for defined contribution pensions | 229   | (8) Retirement benefit expenses | 2,098   | (9) Profit/loss accompanying transfer to defined contribution pension system | (208) | Total                                                       | 1,889 |
| (1) Service expenses <sup>Note</sup>                                         | 1,168                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (2) Interest expenses                                                        | 306                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (3) Expected investment income                                               | (146)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (4) Expenses for past service liability                                      | (549)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (5) Difference between provisional and actuarial calculations                | (98)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (6) Retirement benefit expenses                                              | 679                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (1) Service expenses <sup>Note</sup>                                         | 761                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (2) Interest expenses                                                        | 277                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (3) Expected investment income                                               | (183)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (4) Expenses for past service liability                                      | 620                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (5) Difference between provisional and actuarial calculations                | 242                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (6) Payments relating to advance retirement benefits                         | 149                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (7) Installment payments for defined contribution pensions                   | 229                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (8) Retirement benefit expenses                                              | 2,098                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| (9) Profit/loss accompanying transfer to defined contribution pension system | (208)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| Total                                                                        | 1,889                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                         |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |
| 4                                                                            | <p>Calculation standards for retirement benefit liabilities</p> <p>(1) Predicted retirement benefit periodical distribution method: Fixed amount standard</p> <p>(2) Discount rate: 1.5 - 2.5%</p> <p>(3) Expected investment income rate: 1.5~2.0%</p> <p>(4) Number of years to treat actuarial differences</p> <p>Mainly collective treatment in fiscal year of accrual<br/>AIFUL ----- Collective treatment in fiscal year of accrual</p> <p>Some subsidiaries ---- Treatment over ten years from fiscal year following fiscal year of accrual</p> <p>(5) Number of years to treat past service liability</p> <p>Mainly collective treatment in fiscal year of accrual<br/>AIFUL ----- Collective treatment in fiscal year of accrual</p> <p>Some subsidiaries ---- Treatment over ten years from fiscal year following fiscal year of accrual</p> | 4                                                                   | <p>Calculation standards for retirement benefit liabilities</p> <p>(1) Predicted retirement benefit periodical distribution method: As on left</p> <p>(2) Discount rate: 1.5~2.5%</p> <p>(3) Expected investment income rate: 1.5~2.0%</p> <p>(4) Number of years to treat actuarial differences: As on left</p> <p>(5) Number of years to treat past service liability: As on left</p> |                       |        |                                         |       |                                                               |       |                                                               |         |                                 |     |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                    |         |                                |       |                                                               |     |                                                               |       |                                                      |       |                                                            |       |                                 |         |                                                                              |       |                                                             |       |

## 12. Tax Effect Accounting

| End of previous consolidated fiscal year<br>(As of Mar. 31, 2004) |                                                                                                                                                  | End of current consolidated fiscal year<br>(As of Mar. 31, 2004) |                                                                                                                                                  |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                                                 | Principal cause of deferred tax assets and deferred tax liabilities<br>(In millions of yen)                                                      | 1                                                                | Principal cause of deferred tax assets and deferred tax liabilities<br>(In millions of yen)                                                      |
|                                                                   | <i>Deferred tax assets (current)</i>                                                                                                             |                                                                  | <i>Deferred tax assets (current)</i>                                                                                                             |
|                                                                   | Excess amount transferred to allowance for bad debt accounts                                                                                     |                                                                  | Excess amount transferred to allowance for bad debt accounts                                                                                     |
|                                                                   | 7,930                                                                                                                                            |                                                                  | 1,583                                                                                                                                            |
|                                                                   | Denied amount of bad debt depreciation                                                                                                           |                                                                  | 12,519                                                                                                                                           |
|                                                                   | 11,115                                                                                                                                           |                                                                  | 10,102                                                                                                                                           |
|                                                                   | Loss carried forward                                                                                                                             |                                                                  | 1,494                                                                                                                                            |
|                                                                   | 5,378                                                                                                                                            |                                                                  | 1,724                                                                                                                                            |
|                                                                   | Accrued enterprise tax                                                                                                                           |                                                                  | 3,347                                                                                                                                            |
|                                                                   | 1,521                                                                                                                                            |                                                                  | 921                                                                                                                                              |
|                                                                   | Excess amount transferred to reserve for accrued bonuses                                                                                         |                                                                  | 1,724                                                                                                                                            |
|                                                                   | 1,575                                                                                                                                            |                                                                  | 3,347                                                                                                                                            |
|                                                                   | Unrecorded interest payments due                                                                                                                 |                                                                  | 921                                                                                                                                              |
|                                                                   | 1,928                                                                                                                                            |                                                                  | 31,693                                                                                                                                           |
|                                                                   | Other                                                                                                                                            |                                                                  | (869)                                                                                                                                            |
|                                                                   | 295                                                                                                                                              |                                                                  | Amount offset against deferred tax liabilities (current)                                                                                         |
|                                                                   | Sub-total of deferred tax assets (current)                                                                                                       |                                                                  | (14)                                                                                                                                             |
|                                                                   | 29,746                                                                                                                                           |                                                                  | 30,809                                                                                                                                           |
|                                                                   | Valuation allowance                                                                                                                              |                                                                  |                                                                                                                                                  |
|                                                                   | (429)                                                                                                                                            |                                                                  |                                                                                                                                                  |
|                                                                   | Amount offset against deferred tax liabilities (current)                                                                                         |                                                                  |                                                                                                                                                  |
|                                                                   | (6)                                                                                                                                              |                                                                  |                                                                                                                                                  |
|                                                                   | Total deferred tax assets (current)                                                                                                              |                                                                  |                                                                                                                                                  |
|                                                                   | 29,311                                                                                                                                           |                                                                  |                                                                                                                                                  |
|                                                                   | <i>Deferred tax assets (fixed)</i>                                                                                                               |                                                                  | <i>Deferred tax assets (fixed)</i>                                                                                                               |
|                                                                   | Loss carried forward                                                                                                                             |                                                                  | 2,108                                                                                                                                            |
|                                                                   | 14,278                                                                                                                                           |                                                                  | 669                                                                                                                                              |
|                                                                   | Amount transferred to allowance for retirement benefits for employees                                                                            |                                                                  | 669                                                                                                                                              |
|                                                                   | 966                                                                                                                                              |                                                                  | 3,152                                                                                                                                            |
|                                                                   | Excess amount transferred to allowance for bad debt accounts                                                                                     |                                                                  | 1,240                                                                                                                                            |
|                                                                   | 712                                                                                                                                              |                                                                  | 2,283                                                                                                                                            |
|                                                                   | Excess amount of depreciation and amortization                                                                                                   |                                                                  | 9,453                                                                                                                                            |
|                                                                   | 2,453                                                                                                                                            |                                                                  | (1,534)                                                                                                                                          |
|                                                                   | Other                                                                                                                                            |                                                                  | Amount offset against deferred tax liabilities (fixed)                                                                                           |
|                                                                   | 2,306                                                                                                                                            |                                                                  | (3,631)                                                                                                                                          |
|                                                                   | Sub-total of deferred tax assets (fixed)                                                                                                         |                                                                  | 4,288                                                                                                                                            |
|                                                                   | 20,717                                                                                                                                           |                                                                  | 35,097                                                                                                                                           |
|                                                                   | Valuation allowance                                                                                                                              |                                                                  |                                                                                                                                                  |
|                                                                   | (2,914)                                                                                                                                          |                                                                  |                                                                                                                                                  |
|                                                                   | Amount offset against deferred tax liabilities (fixed)                                                                                           |                                                                  |                                                                                                                                                  |
|                                                                   | (3,020)                                                                                                                                          |                                                                  |                                                                                                                                                  |
|                                                                   | Total deferred tax assets (fixed)                                                                                                                |                                                                  |                                                                                                                                                  |
|                                                                   | 14,782                                                                                                                                           |                                                                  |                                                                                                                                                  |
|                                                                   | Total deferred tax assets                                                                                                                        |                                                                  |                                                                                                                                                  |
|                                                                   | 44,093                                                                                                                                           |                                                                  |                                                                                                                                                  |
|                                                                   | <i>Deferred tax liabilities (current)</i>                                                                                                        |                                                                  | <i>Deferred tax liabilities (current)</i>                                                                                                        |
|                                                                   | Other                                                                                                                                            |                                                                  | (14)                                                                                                                                             |
|                                                                   | (6)                                                                                                                                              |                                                                  | (14)                                                                                                                                             |
|                                                                   | Total deferred tax liabilities (current)                                                                                                         |                                                                  | (14)                                                                                                                                             |
|                                                                   | (6)                                                                                                                                              |                                                                  | Amount offset against deferred tax assets (current)                                                                                              |
|                                                                   | Amount offset against deferred tax assets (current)                                                                                              |                                                                  | 14                                                                                                                                               |
|                                                                   | 6                                                                                                                                                |                                                                  | Total deferred tax liabilities (current)                                                                                                         |
|                                                                   | Total deferred tax liabilities (current)                                                                                                         |                                                                  | -                                                                                                                                                |
|                                                                   | -                                                                                                                                                |                                                                  |                                                                                                                                                  |
|                                                                   | <i>Deferred tax liabilities (fixed)</i>                                                                                                          |                                                                  | <i>Deferred tax liabilities (fixed)</i>                                                                                                          |
|                                                                   | Differences in evaluation of other marketable securities                                                                                         |                                                                  | Differences in evaluation of other marketable securities                                                                                         |
|                                                                   | (3,004)                                                                                                                                          |                                                                  | (3,631)                                                                                                                                          |
|                                                                   | Other                                                                                                                                            |                                                                  | (3,631)                                                                                                                                          |
|                                                                   | (15)                                                                                                                                             |                                                                  | Amount offset against deferred tax assets (fixed)                                                                                                |
|                                                                   | Total of deferred tax liabilities (fixed)                                                                                                        |                                                                  | 3,631                                                                                                                                            |
|                                                                   | (3,020)                                                                                                                                          |                                                                  | Total of deferred tax liabilities (fixed)                                                                                                        |
|                                                                   | Amount offset against deferred tax assets (fixed)                                                                                                |                                                                  | -                                                                                                                                                |
|                                                                   | 3,020                                                                                                                                            |                                                                  | Total deferred tax liabilities                                                                                                                   |
|                                                                   | Total of deferred tax liabilities (fixed)                                                                                                        |                                                                  | -                                                                                                                                                |
|                                                                   | -                                                                                                                                                |                                                                  |                                                                                                                                                  |
|                                                                   | Total deferred tax liabilities                                                                                                                   |                                                                  |                                                                                                                                                  |
|                                                                   | -                                                                                                                                                |                                                                  |                                                                                                                                                  |
| 2                                                                 | Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting | 2                                                                | Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting |
|                                                                   | Statutory effective tariff                                                                                                                       |                                                                  | Statutory effective tariff                                                                                                                       |
|                                                                   | 41.9%                                                                                                                                            |                                                                  | 40.6%                                                                                                                                            |
|                                                                   | (Adjusted)                                                                                                                                       |                                                                  | (Adjusted)                                                                                                                                       |
|                                                                   | Tax on reserves                                                                                                                                  |                                                                  | Per capita inhabitant tax                                                                                                                        |
|                                                                   | 4.9%                                                                                                                                             |                                                                  | 0.4%                                                                                                                                             |
|                                                                   | Per capita inhabitant tax                                                                                                                        |                                                                  | Write-down of consolidation adjustment                                                                                                           |
|                                                                   | 0.4%                                                                                                                                             |                                                                  | account not included in losses                                                                                                                   |
|                                                                   | Write-down of consolidation adjustment                                                                                                           |                                                                  | 1.7%                                                                                                                                             |
|                                                                   | account not included in losses                                                                                                                   |                                                                  | (1.4)%                                                                                                                                           |
|                                                                   | 2.8%                                                                                                                                             |                                                                  | Other                                                                                                                                            |
|                                                                   | Change in valuation reserve                                                                                                                      |                                                                  | (0.3)%                                                                                                                                           |
|                                                                   | (9.7)%                                                                                                                                           |                                                                  | Charge rate of income tax after adoption of tax effect accounting                                                                                |
|                                                                   | Tax exemption for IT equipment                                                                                                                   |                                                                  | 41.0%                                                                                                                                            |
|                                                                   | (1.8)%                                                                                                                                           |                                                                  |                                                                                                                                                  |
|                                                                   | Other                                                                                                                                            |                                                                  |                                                                                                                                                  |
|                                                                   | 1.0%                                                                                                                                             |                                                                  |                                                                                                                                                  |
|                                                                   | Charge rate of income tax after adoption of tax effect accounting                                                                                |                                                                  |                                                                                                                                                  |
|                                                                   | 39.5%                                                                                                                                            |                                                                  |                                                                                                                                                  |

### 13. Segment Information

|                     | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                          | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| By type of business | The Company has omitted segment information by type of business, as the consumer loan business accounts for more than 90% of total operating revenues, operating income and assets in all of the Company's business segments. | As on left                                                          |
| By location         | The Company did not report segment information by location, as the Company did not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan during the period.                | As on left                                                          |
| Foreign sales       | The Company did not have any foreign sales during the period.                                                                                                                                                                 | As on left                                                          |

### 14. Transactions with Concerned Parties

#### A. Transactions with Directors and Major Individual Shareholders in Previous Consolidated Fiscal Year (Apr. 1, 2003 to Mar. 31, 2004)

| (In millions of yen) |                  |         |                                  |                                                      |                                                    |                                                                          |                     |      |                       |
|----------------------|------------------|---------|----------------------------------|------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------|---------------------|------|-----------------------|
| Property             | Name             | Address | Capital or investment in capital | Operating activities or occupation                   | Ratio of ownership of voting rights (%)            | Transactions                                                             | Transaction amounts | Item | Balance at period-end |
| Director             | Yoshitaka Fukuda | -       | -                                | AIFUL, representative President, AIFUL               | Eligible ownership: 26.07% of direct voting rights | Land lease                                                               | 14 <sup>1</sup>     | -    | -                     |
|                      | Yoshitaka Fukuda | -       | -                                | Representative director, Kyoto Data Center Co., Ltd. | As above                                           | Payment of fees relating to the provision of personal credit information | 163 <sup>2</sup>    | -    | -                     |

Notes: 1 Transactions for the use of land for the Saiin Building are based upon values given by real estate appraisers.

2 Transactions with Kyoto Data Center are so-called third-party transactions.

#### B. Transactions with Directors and Major Individual Shareholders in Current Consolidated Fiscal Year (Apr. 1, 2004 to Mar. 31, 2005)

| (In millions of yen) |                           |         |                                  |                                                      |                                                    |                                                                          |                     |      |                       |
|----------------------|---------------------------|---------|----------------------------------|------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------|---------------------|------|-----------------------|
| Property             | Name                      | Address | Capital or investment in capital | Operating activities or occupation                   | Ratio of ownership of voting rights (%)            | Transactions                                                             | Transaction amounts | Item | Balance at period-end |
| Director             | Yoshitaka Fukuda          | -       | -                                | AIFUL representative President, AIFUL                | Eligible ownership: 19.79% of direct voting rights | Land lease                                                               | 12 <sup>1</sup>     | -    | -                     |
|                      | Yoshitaka Fukuda          | -       | -                                | Representative director, Kyoto Data Center Co., Ltd. | As above                                           | Payment of fees relating to the provision of personal credit information | 184 <sup>2</sup>    | -    | -                     |
|                      | Yoshitaka Fukuda          | -       | -                                | Representative director, Kyoto Data Center Co., Ltd. | As above                                           | Transfer of shares                                                       | 0                   | -    | -                     |
|                      | Takashi Komoto            | -       | -                                | Director                                             | 0.00                                               | Loans                                                                    | 9 <sup>3</sup>      | -    | -                     |
|                      | Masami Munetake           | -       | -                                | Director                                             | 0.00                                               | As above                                                                 | 19 <sup>3</sup>     | -    | -                     |
|                      | Masayuki Sato             | -       | -                                | Director                                             | 0.00                                               | As above                                                                 | 28 <sup>3</sup>     | -    | -                     |
|                      | Kazumitsu Oishi           | -       | -                                | Director                                             | 0.00                                               | As above                                                                 | 28 <sup>3</sup>     | -    | -                     |
|                      | Kazuyoshi Wakamatsu       | -       | -                                | Director                                             | 0.00                                               | As above                                                                 | 19 <sup>3</sup>     | -    | -                     |
|                      | Takashi Noda <sup>4</sup> | -       | -                                | Director                                             | -                                                  | As above                                                                 | 38                  | -    | -                     |

Notes: 1 Transactions for the use of land for the Saiin Building are based upon values given by real estate appraisers.

2 Transactions with Kyoto Data Center are so-called third-party transactions.

3 The balance of loans is zero as of March 31, 2005.

4 Takashi Noda retired as Director effective June 25, 2004.

## 15. Per Share Information

|                              | Previous consolidated fiscal year                                                                                                                                              | Current consolidated fiscal year |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Net assets per share         | 5,794.58 yen                                                                                                                                                                   | 6,537.77 yen                     |
| Net income per share         | 660.98 yen                                                                                                                                                                     | 800.10 yen                       |
| Diluted net income per share | Diluted net income per share for the consolidated fiscal year under review has not been included here as there was no dilutory effect on income at the end of the fiscal year. | 800.04 yen                       |

### *Basis for calculation of net income per share and diluted income per share*

| Item                                                                                         | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)            | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Net Income                                                                                   | 62,548 million yen                                                              | 75,723 million yen                                                  |
| Amount not attributable to common stock shareholders                                         | 106 million yen                                                                 | 151 million yen                                                     |
| Includes directors' bonuses distribution of profit                                           | 106 million yen                                                                 | 151 million yen                                                     |
| Net income relating to common stock                                                          | 62,441 million yen                                                              | 75,571 million yen                                                  |
| Average number of shares of common stock during the period                                   | 94,467,918 shares                                                               | 94,453,068 shares                                                   |
| Outline of stock not included in diluted net income per share due to lack of dilutory effect | Stock options relating to treasury stock acquisition methods:<br>204,000 shares | —                                                                   |

Note: Directors' bonuses for the current consolidated fiscal year had not been determined as of the date of publication, so figures may change. The Company will publish the amount as it is determined.

## 16. Significant Subsequent Events

| Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <p>On June 16, 2004, the Company concluded a stock transfer agreement by which it acquired all the shares issued by Wide Corporation (president: Mitsuo Yanagi).</p> <p>As part of the business strategy to become a comprehensive retail financial services company, this acquisition is intended to boost business efficiency and profitability and reinforce Group earnings with the addition of Wide Corporation to the Group.</p> <p> Company name           Wide Corporation<br/> Headquarters           Utsunomiya-shi, Tochigi-ken<br/> President               Mitsuo Yanagi<br/> Establishment           May, 1984<br/> Main business           Consumer finance<br/> Total assets<sup>1</sup>           106,693 million yen<sup>2</sup><br/> Net assets               12,461 million yen<sup>2</sup><br/> Capital                  2,555 million yen<sup>2</sup><br/> Major shareholders     Sei Saito and others<br/> Stock acquisition date   June 30, 2004<br/> Shares acquired        32,135 shares<br/> Equity share after acquisition   100% </p> <p>Notes: 1. Figure includes 36,811 million yen in loans that were dropped from the balance sheet as a result of securitization.<br/> 2. Figures as of Mar. 31, 2004</p> | —                                                                   |

## V. Results of Operations

### 1. Operating Revenue

(In millions of yen)

| Item                           |                                   | Previous consolidated fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |       | Current consolidated fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |       |
|--------------------------------|-----------------------------------|----------------------------------------------------------------------|-------|---------------------------------------------------------------------|-------|
|                                |                                   | Amount                                                               | %     | Amount                                                              | %     |
| Interest on loans to customers | Unsecured loans                   | 358,142                                                              | 75.6  | 387,839                                                             | 74.8  |
|                                | Secured loans                     | 55,022                                                               | 11.6  | 56,531                                                              | 10.9  |
|                                | Small business loans              | 16,348                                                               | 3.5   | 22,059                                                              | 4.3   |
|                                | Subtotal                          | 429,512                                                              | 90.7  | 466,429                                                             | 90.0  |
| Credit card revenue            |                                   | 8,140                                                                | 1.7   | 9,090                                                               | 1.7   |
| Per-item credit revenue        |                                   | 15,508                                                               | 3.3   | 17,200                                                              | 3.3   |
| Credit guarantee revenue       |                                   | 5,562                                                                | 1.2   | 7,087                                                               | 1.4   |
| Financial revenue - other      | Interest on deposits              | 7                                                                    | 0.0   | 2                                                                   | 0.0   |
|                                | Interest on marketable securities | 1                                                                    | 0.0   | 0                                                                   | 0.0   |
|                                | Interest on loans                 | 47                                                                   | 0.0   | 111                                                                 | 0.0   |
|                                | Other                             | 39                                                                   | 0.0   | 31                                                                  | 0.0   |
|                                | Subtotal                          | 95                                                                   | 0.0   | 144                                                                 | 0.0   |
| Operating revenue - other      | Sales of real estate              | 50                                                                   | 0.0   | -                                                                   | -     |
|                                | Revenue from service business     | -                                                                    | -     | -                                                                   | -     |
|                                | Bad debt write-off recovery       | 6,778                                                                | 1.4   | 7,719                                                               | 1.5   |
|                                | Other                             | 7,830                                                                | 1.7   | 10,742                                                              | 2.1   |
|                                | Subtotal                          | 14,658                                                               | 3.1   | 18,462                                                              | 3.6   |
| Total                          |                                   | 473,477                                                              | 100.0 | 518,416                                                             | 100.0 |

Note: "Other" included in "Operating revenue - other" is card membership fees.

### 2. Other Operating Indicators

(In millions of yen - except per share data)

| Item                                                |                            | End of the previous fiscal year<br>(As of Mar. 31, 2004) | End of the current fiscal year<br>(As of Mar. 31, 2005) |
|-----------------------------------------------------|----------------------------|----------------------------------------------------------|---------------------------------------------------------|
| Total amount of loans outstanding                   |                            | 1,907,655                                                | 2,095,201                                               |
|                                                     | Unsecured loans            | 1,477,430                                                | 1,622,032                                               |
|                                                     | Secured loans              | 346,183                                                  | 352,213                                                 |
|                                                     | Small business loans       | 84,041                                                   | 120,955                                                 |
| Number of customer accounts                         |                            | 3,520,240                                                | 3,796,141                                               |
|                                                     | Unsecured loans            | 3,366,615                                                | 3,618,577                                               |
|                                                     | Secured loans              | 94,474                                                   | 99,827                                                  |
|                                                     | Small business loans       | 59,151                                                   | 77,737                                                  |
| Number of branches                                  |                            | 1,978                                                    | 2,326                                                   |
|                                                     | Staffed branches           | 813                                                      | 884                                                     |
|                                                     | Unstaffed branches         | 1,164                                                    | 1,442                                                   |
|                                                     | Branches for secured loans | 1                                                        | -                                                       |
| Number of "Ojidosan" loan-contracting machines      |                            | 1,855                                                    | 2,170                                                   |
| Automatic processing machines for loan applications |                            | -                                                        | 7                                                       |
| Number of ATMs                                      |                            | 132,148                                                  | 148,705                                                 |
|                                                     | Company-owned              | 2,046                                                    | 2,292                                                   |
|                                                     | Partner-owned              | 130,102                                                  | 146,413                                                 |
| Number of employees                                 |                            | 5,969                                                    | 6,510                                                   |
| Bad debt write-off                                  |                            | 137,172                                                  | 145,327                                                 |
| Allowance for bad debts                             |                            | 145,757                                                  | 159,483                                                 |
| Net income per share (yen)                          |                            | 660.98                                                   | 800.10                                                  |
| Net assets per share (yen)                          |                            | 5,794.58                                                 | 6,537.77                                                |

Notes: 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy. Furthermore, off-balance sheet operating loans from the securitization of receivables, which came to 110,918 million yen at the end of the current quarter (120,715 million yen at the end of previous fiscal year and 99,580 million at the end of the current fiscal year) have been included.

2. Bad debt write-off does not include losses on claims in bankruptcy, which came to 2,789 million yen in the previous consolidated fiscal year, and 5,043 million yen in the current consolidated fiscal year.

# Year-End Financial Statements (Non-Consolidated)

For the year ended March 31, 2005

## AIFUL Corporation

Stock Code: 8515

(URL <http://www.aiful.co.jp>)

Representative:

Inquiries:

Stock Exchange: Tokyo, Osaka

Headquarters: Kyoto City

Yoshitaka Fukuda

President and Chief Executive Officer

Kenichi Kayama

General Manager, Public Relations Department

TEL (03) 4503-6050

Date of the Board of Directors' meeting to approve financial statements: May 10, 2005

Date of the annual shareholders' meeting: June 24, 2005

Commencement of the interim dividends payment: Yes

The Company adopted the "Tangen" unit system:

Yes (One "Tangen" of stock at Aiful Corporation is equivalent to 50 shares)

## I. Non-Consolidated Business Results for the Year Ended March 31, 2005 (April 1, 2004 - March 31, 2005)

### 1. Non-Consolidated Operating Results

(In millions of yen - except per share data)

|                                  | Operating Revenue |      | Operating Income |         | Ordinary Income |        |
|----------------------------------|-------------------|------|------------------|---------|-----------------|--------|
| Fiscal Year Ended March 31, 2005 | 340,615           | 1.7% | 107,581          | 13.0%   | 112,533         | 13.7%  |
| Fiscal Year Ended March 31, 2004 | 334,977           | 3.2% | 95,238           | (10.9)% | 98,932          | (7.6)% |

|                                  | Net Income |        | Net Income per Share (Yen) | Diluted Net Income per Share (Yen) | Net Income to Shareholders' Equity Ratio | Ordinary Income to Shareholder's Equity Ratio | Operating Revenue to Ordinary Income Ratio |
|----------------------------------|------------|--------|----------------------------|------------------------------------|------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Fiscal Year Ended March 31, 2005 | 67,301     | 26.8%  | 710.94                     | 710.88                             | 12.2%                                    | 5.8%                                          | 33.0%                                      |
| Fiscal Year Ended March 31, 2004 | 53,086     | (4.0)% | 560.82                     | -                                  | 10.7%                                    | 5.2%                                          | 29.5%                                      |

Notes: 1. Average number of shares during: Fiscal year ended March 31, 2005: 94,453,068 shares

Fiscal year ended March 31, 2004: 94,467,918 shares

2. Changes in accounting policies: No

3. Percentage figures shown for operating revenue, operating income, ordinary income and net income show year-on-year change

4. Figures have been rounded down to the nearest unit.

### 2. Dividend Information

|                                  | Dividends per Share (in Yen) |         |          | Total Dividends (Million Yen) | Dividend Payout Ratio (%) | Dividend on Equity (%) |
|----------------------------------|------------------------------|---------|----------|-------------------------------|---------------------------|------------------------|
|                                  |                              | Interim | Year-end |                               |                           |                        |
| Fiscal year ended March 31, 2005 | 60.00                        | 30.00   | 30.00    | 5,668                         | 8.4%                      | 1.0%                   |
| Fiscal year ended March 31, 2004 | 60.00                        | 30.00   | 30.00    | 5,668                         | 10.7%                     | 1.1%                   |

### 3. Non-Consolidated Financial Position

(In millions of yen - rounded down, except where noted)

|                                  | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio (%) | Shareholders' Equity per Share (Yen) |
|----------------------------------|--------------|----------------------|--------------------------------|--------------------------------------|
| Fiscal Year Ended March 31, 2005 | 2,033,547    | 584,308              | 28.7                           | 6,187.74                             |
| Fiscal Year Ended March 31, 2004 | 1,870,075    | 522,904              | 28.0                           | 5,534.17                             |

Notes: 1. Number of shares issued and outstanding: Fiscal year ended March 31, 2005: 94,405,535 shares

Fiscal year ended March 31, 2004: 94,467,134 shares

2. Total number of treasury stocks at the end of the fiscal period: Fiscal year ended March 31, 2005: 284,465 shares

Fiscal year ended March 31, 2004: 222,866 shares

## II. Fiscal Year 2006 Full Year Forecast (April 1, 2005 - March 31, 2006)

(In millions of yen – rounded down, except where noted)

|                                           | Operating Revenue | Ordinary Income | Net Income | Dividends per Share (in Yen) |          |       |
|-------------------------------------------|-------------------|-----------------|------------|------------------------------|----------|-------|
|                                           |                   |                 |            | Interim                      | Year-End |       |
| Interim Period Ending, September 30, 2005 | 173,434           | 56,779          | 35,472     | 30.00                        | –        | –     |
| Fiscal Year Ending March 31, 2006         | 349,578           | 121,000         | 74,351     | –                            | 30.00    | 60.00 |

### Reference:

Forecast for earnings per share for fiscal year 2006 year ending March 31, 2006: 525.04

Calculations based on 141,608,302 shares, which includes the 47,345,000 increase in the number of shares due to the stock split detailed on page 55.

### Caution Relating to Results Forecasts:

The above forecasts are based on the information available to management at the time they were made, and estimates involving uncertain factors thought likely to have an effect on future results. Actual results can differ materially from these forecasts for a variety of reasons.

**(Supplementary Data)****I. Non-Consolidated Financial Statements****1. Non-Consolidated Balance Sheets**

(In millions of yen - rounded down, except where noted)

|                                                    |          | End of previous fiscal year<br>(As of Mar. 31, 2004) |       | End of current fiscal year<br>(As of Mar. 31, 2005) |       |
|----------------------------------------------------|----------|------------------------------------------------------|-------|-----------------------------------------------------|-------|
| Category                                           | Note No. | Amount                                               | %     | Amount                                              | %     |
| (Assets)                                           |          |                                                      |       |                                                     |       |
| I. Current assets                                  |          |                                                      |       |                                                     |       |
| 1. Cash and cash equivalents                       |          | 60,425                                               |       | 67,535                                              |       |
| 2. Loans                                           | *1, 2, 4 | 1,451,638                                            |       | 1,471,767                                           |       |
| 3. Real estate for sale                            | *1       | 181                                                  |       | 168                                                 |       |
| 4. Pre-paid expenses                               |          | 3,687                                                |       | 3,437                                               |       |
| 5. Deferred tax assets                             |          | 13,629                                               |       | 8,203                                               |       |
| 6. Accrued income                                  |          | 11,501                                               |       | 11,558                                              |       |
| 7. Short-term loans                                | *3       | 20,178                                               |       | 5,187                                               |       |
| 8. Other                                           | *1       | 21,150                                               |       | 18,118                                              |       |
| 9. Allowance for bad debts                         |          | (81,693)                                             |       | (81,928)                                            |       |
| Total current assets                               |          | 1,500,700                                            | 80.3  | 1,504,048                                           | 74.0  |
| II. Fixed assets                                   |          |                                                      |       |                                                     |       |
| 1. Tangible fixed assets                           |          |                                                      |       |                                                     |       |
| (1) Buildings                                      |          | 23,302                                               |       | 23,298                                              |       |
| Total accumulated depreciation                     |          | (10,893)                                             |       | (11,437)                                            |       |
| (2) Structures                                     |          | 4,751                                                |       | 4,741                                               |       |
| Total accumulated depreciation                     |          | (2,707)                                              |       | (2,952)                                             |       |
| (3) Machinery                                      |          | 161                                                  |       | 161                                                 |       |
| Total accumulated depreciation                     |          | (24)                                                 |       | (43)                                                |       |
| (4) Equipment and fixtures                         |          | 15,024                                               |       | 16,156                                              |       |
| Total accumulated depreciation                     |          | (5,640)                                              |       | (7,251)                                             |       |
| (5) Land                                           |          | 5,612                                                |       | 5,612                                               |       |
| (6) Construction in process account                |          | 57                                                   |       | 209                                                 |       |
| Total tangible fixed assets                        |          | 29,643                                               | 1.6   | 28,495                                              | 1.4   |
| 2. Intangible fixed assets                         |          |                                                      |       |                                                     |       |
| (1) Software                                       |          | 10,404                                               |       | 11,113                                              |       |
| (2) Telephone rights                               |          | 446                                                  |       | 361                                                 |       |
| (3) Other                                          |          | 9                                                    |       | 9                                                   |       |
| Total intangible fixed assets                      |          | 10,860                                               | 0.6   | 11,484                                              | 0.6   |
| 3. Investment and other fixed assets               |          |                                                      |       |                                                     |       |
| (1) Investment securities                          |          | 14,323                                               |       | 19,318                                              |       |
| (2) Stock in affiliated companies                  |          | 114,864                                              |       | 131,754                                             |       |
| (3) Investments in equity other than capital stock |          | 1,718                                                |       | -                                                   |       |
| (4) Claims in bankruptcy                           | *4       | 22,925                                               |       | 25,278                                              |       |
| (5) Long-term loans                                |          | 1,120                                                |       | 1,080                                               |       |
| (6) Long-term loans to shareholders and employees  |          | 22                                                   |       | 22                                                  |       |
| (7) Long-term loans to affiliated companies        |          | 157,086                                              |       | 298,223                                             |       |
| (8) Long-term prepaid expenses                     |          | 4,774                                                |       | 3,193                                               |       |
| (9) Deferred tax assets                            |          | 769                                                  |       | 14                                                  |       |
| (10) Lease deposits and guarantees                 |          | 8,118                                                |       | 8,716                                               |       |
| (11) Loss on deferred hedge                        |          | 18,974                                               |       | 18,970                                              |       |
| (12) Other                                         |          | 1,984                                                |       | 1,451                                               |       |
| (13) Allowance for bad debts                       |          | (18,264)                                             |       | (19,124)                                            |       |
| Total investment and other fixed assets            |          | 328,417                                              | 17.5  | 488,898                                             | 24.0  |
| Total fixed assets                                 |          | 368,921                                              | 19.7  | 528,877                                             | 26.0  |
| III. Deferred assets                               |          |                                                      |       |                                                     |       |
| Bond issuing expenses                              |          | 453                                                  |       | 621                                                 |       |
| Total deferred assets                              |          | 453                                                  | 0.0   | 621                                                 | 0.0   |
| Total assets                                       |          | 1,870,075                                            | 100.0 | 2,033,547                                           | 100.0 |

|                                                              |             | End of previous fiscal year<br>(As of Mar. 31, 2004) |           | End of current fiscal year<br>(As of Mar. 31, 2005) |           |       |
|--------------------------------------------------------------|-------------|------------------------------------------------------|-----------|-----------------------------------------------------|-----------|-------|
| Category                                                     | Note<br>No. | Amount                                               |           | %                                                   | Amount    | %     |
| (Liabilities)                                                |             |                                                      |           |                                                     |           |       |
| I. Current liabilities                                       |             |                                                      |           |                                                     |           |       |
| 1. Notes payable - trade                                     |             |                                                      | 4,161     |                                                     | 4,598     |       |
| 2. Short-term debts                                          |             |                                                      | 8,500     |                                                     | 15,000    |       |
| 3. Current portion of bonds                                  |             |                                                      | 90,000    |                                                     | 94,000    |       |
| 4. Current portion of long-term debts                        | *1          |                                                      | 327,815   |                                                     | 348,065   |       |
| 5. Trade accounts payable                                    |             |                                                      | 5,918     |                                                     | 6,348     |       |
| 6. Income taxes payable                                      |             |                                                      | 24,660    |                                                     | 22,544    |       |
| 7. Accrued expenses payable                                  |             |                                                      | 4,669     |                                                     | 4,565     |       |
| 8. Deposits                                                  |             |                                                      | 387       |                                                     | 428       |       |
| 9. Income in advance                                         |             |                                                      | 2         |                                                     | 3         |       |
| 10. Reserve for accrued bonuses                              |             |                                                      | 2,397     |                                                     | 2,386     |       |
| 11. Other                                                    |             |                                                      | 292       |                                                     | 343       |       |
| Total current liabilities                                    |             |                                                      | 468,806   | 25.0                                                | 498,285   | 24.5  |
| II Long-term liabilities                                     |             |                                                      |           |                                                     |           |       |
| 1. Bonds                                                     |             |                                                      | 355,000   |                                                     | 374,890   |       |
| 2. Long-term debts                                           | *1          |                                                      | 502,413   |                                                     | 556,659   |       |
| 3. Allowance for retirement benefits for employees           |             |                                                      | 806       |                                                     | 319       |       |
| 4. Allowance for retirement benefits for directors           |             |                                                      | 1,220     |                                                     | 1,209     |       |
| 5. Interest swaps                                            |             |                                                      | 18,832    |                                                     | 17,834    |       |
| 6. Other                                                     |             |                                                      | 91        |                                                     | 41        |       |
| Total long-term liabilities                                  |             |                                                      | 878,365   | 47.0                                                | 950,954   | 46.8  |
| Total liabilities                                            |             |                                                      | 1,347,171 | 72.0                                                | 1,449,239 | 71.3  |
| (Shareholders' equity)                                       |             |                                                      |           |                                                     |           |       |
| I. Common stock                                              | *5          |                                                      | 83,317    | 4.5                                                 | 83,317    | 4.1   |
| II. Capital surplus                                          |             |                                                      |           |                                                     |           |       |
| Capital reserves                                             |             |                                                      | 90,225    |                                                     | 90,225    |       |
| Total Capital surplus                                        |             |                                                      | 90,225    | 4.8                                                 | 90,225    | 4.4   |
| III. Retained earnings                                       |             |                                                      |           |                                                     |           |       |
| 1. Earned surplus reserves                                   |             |                                                      | 1,566     |                                                     | 1,566     |       |
| 2. Voluntary reserves                                        |             |                                                      |           |                                                     |           |       |
| General reserve                                              |             |                                                      | 292,322   |                                                     | 336,822   |       |
| 3. Unappropriated retained earnings                          |             |                                                      | 53,174    |                                                     | 70,156    |       |
| Total retained earnings                                      |             |                                                      | 347,062   | 18.6                                                | 408,545   | 20.1  |
| IV. Differences in evaluation of other marketable securities |             |                                                      | 4,361     | 0.2                                                 | 5,284     | 0.3   |
| V. Treasury stock                                            | *7          |                                                      | (2,062)   | (0.1)                                               | (3,063)   | (0.2) |
| Total shareholders' equity                                   |             |                                                      | 522,904   | 28.0                                                | 584,308   | 28.7  |
| Total liabilities and shareholders' equity                   |             |                                                      | 1,870,075 | 100.0                                               | 2,033,547 | 100.0 |

## 2. Non-Consolidated Statement of Income

(In millions of yen - rounded down, except where noted)

| Category                                                                         | Note No. | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |       | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |       |
|----------------------------------------------------------------------------------|----------|---------------------------------------------------------|-------|--------------------------------------------------------|-------|
|                                                                                  |          | Amount                                                  | %     | Amount                                                 | %     |
| I. Operating revenue                                                             |          |                                                         |       |                                                        |       |
| 1. Interest on loans to customers                                                |          | 326,978                                                 | 97.6  | 330,528                                                | 97.0  |
| 2. Financial revenue - other                                                     |          |                                                         |       |                                                        |       |
| (1) Interest on deposits                                                         | 6        | 1                                                       |       | 1                                                      |       |
| (2) Interest on marketable securities                                            | 1        | 0                                                       |       | 0                                                      |       |
| (3) Interest on loans                                                            | 47       | 111                                                     |       | 111                                                    |       |
| (4) Other                                                                        | 3        | 58                                                      | 0.0   | 0                                                      | 0.0   |
| 3. Operating revenue - other                                                     |          |                                                         |       |                                                        |       |
| (1) Sales of real estate                                                         | 50       | -                                                       |       | -                                                      |       |
| (2) Bad debt write-off recovery                                                  | 3,738    | 4,090                                                   |       | 4,090                                                  |       |
| (3) Other                                                                        | 4,150    | 7,940                                                   | 2.4   | 5,883                                                  | 3.0   |
| Total operating revenue                                                          |          | 334,977                                                 | 100.0 | 340,615                                                | 100.0 |
| II. Operating expenses                                                           |          |                                                         |       |                                                        |       |
| 1. Financial expenses                                                            |          |                                                         |       |                                                        |       |
| (1) Interest expenses                                                            | 21,284   | 21,092                                                  |       | 21,092                                                 |       |
| (2) Interest on bonds                                                            | 9,903    | 8,743                                                   |       | 8,743                                                  |       |
| (3) Other                                                                        | 2,297    | 33,485                                                  | 10.0  | 2,758                                                  | 9.6   |
| 2. Cost of sales                                                                 |          |                                                         |       |                                                        |       |
| (1) Cost of sales of real estate                                                 | 137      | -                                                       | 0.1   | -                                                      | 0.0   |
| 3. Operating Expenses - other                                                    |          |                                                         |       |                                                        |       |
| (1) Advertising expenses                                                         | 13,696   | 14,978                                                  |       | 14,978                                                 |       |
| (2) Commissions                                                                  | 10,832   | 11,966                                                  |       | 11,966                                                 |       |
| (3) Loan losses                                                                  | 9,352    | 9,549                                                   |       | 9,549                                                  |       |
| (4) Transfer to allowance for bad debts                                          | 99,871   | 87,835                                                  |       | 87,835                                                 |       |
| (5) Director's salaries and remuneration                                         | 453      | 442                                                     |       | 442                                                    |       |
| (6) Salaries for employees                                                       | 19,481   | 19,701                                                  |       | 19,701                                                 |       |
| (7) Bonus for employees                                                          | 2,448    | 2,300                                                   |       | 2,300                                                  |       |
| (8) Transfer to reserve for accrued bonuses                                      | 2,397    | 2,386                                                   |       | 2,386                                                  |       |
| (9) Transfers to allowance for retirement benefits for directors                 | 120      | 76                                                      |       | 76                                                     |       |
| (10) Welfare expenses                                                            | 3,869    | 3,646                                                   |       | 3,646                                                  |       |
| (11) Expenses for retirement benefits for employees                              | 11       | 1,368                                                   |       | 1,368                                                  |       |
| (12) Rent fees                                                                   | 6,393    | 6,557                                                   |       | 6,557                                                  |       |
| (13) Land rent                                                                   | 7,531    | 7,458                                                   |       | 7,458                                                  |       |
| (14) Supplies                                                                    | 1,859    | 1,027                                                   |       | 1,027                                                  |       |
| (15) Repairs                                                                     | 4,085    | 4,709                                                   |       | 4,709                                                  |       |
| (16) Communication expenses                                                      | 4,159    | 2,438                                                   |       | 2,438                                                  |       |
| (17) Insurance premiums                                                          | 4,102    | 4,411                                                   |       | 4,411                                                  |       |
| (18) Depreciation expenses                                                       | 4,874    | 6,751                                                   |       | 6,751                                                  |       |
| (19) Consumption tax                                                             | 3,055    | 3,219                                                   |       | 3,219                                                  |       |
| (20) Other                                                                       | 7,519    | 206,117                                                 | 61.5  | 9,611                                                  | 58.8  |
| Total operating expenses                                                         |          | 239,739                                                 | 71.6  | 233,034                                                | 68.4  |
| Operating income                                                                 |          | 95,238                                                  | 28.4  | 107,581                                                | 31.6  |
| III. Non-operating income                                                        |          |                                                         |       |                                                        |       |
| 1. Interest on loans                                                             | *4       | 3,839                                                   |       | 4,095                                                  |       |
| 2. Dividends received                                                            |          | 62                                                      |       | 116                                                    |       |
| 3. Dividends on insurance                                                        |          | 192                                                     |       | 765                                                    |       |
| 4. Gain on investment in anonymous association                                   | *1       | 10                                                      |       | -                                                      |       |
| 5. Miscellaneous                                                                 |          | 471                                                     | 1.4   | 669                                                    | 1.6   |
| IV. Non-operating expenses                                                       |          |                                                         |       |                                                        |       |
| 1. Loss on valuation of real estate for sale                                     |          | 17                                                      |       | 12                                                     |       |
| 2. Loss on investment in anonymous association                                   | *5       | 747                                                     |       | 610                                                    |       |
| 3. Miscellaneous                                                                 |          | 117                                                     | 0.3   | 71                                                     | 0.2   |
| Ordinary income                                                                  |          | 98,932                                                  | 29.5  | 112,533                                                | 33.0  |
| V. Extraordinary income                                                          |          |                                                         |       |                                                        |       |
| 1. Gain on sale of investment securities                                         |          | 669                                                     |       | 685                                                    |       |
| 2. Allowance for bad debts from previous year                                    |          | 2                                                       |       | 0                                                      |       |
| 3. Gain from transfer of agency portion of employees' pension fund to government |          | -                                                       | 0.2   | 207                                                    | 0.3   |

| Category                                                | Note No. | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) |      | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |      |
|---------------------------------------------------------|----------|---------------------------------------------------------|------|--------------------------------------------------------|------|
|                                                         |          | Amount                                                  | %    | Amount                                                 | %    |
| VI. Extraordinary losses                                |          |                                                         |      |                                                        |      |
| 1. Loss on sale of fixed assets                         | *2       | 243                                                     |      | 69                                                     |      |
| 2. Loss on disposal of fixed assets                     | *3       | 385                                                     |      | 375                                                    |      |
| 3. Loss on cancellation of leases                       |          | 31                                                      |      | 5                                                      |      |
| 4. Loss on sale of investment securities                |          | -                                                       |      | 58                                                     |      |
| 5. Loss on valuation of investment securities           |          | 401                                                     |      | 0                                                      |      |
| 6. Loss on reorganization of affiliates                 |          | 126                                                     |      | -                                                      |      |
| 7. Loss on cancellation of real estate deposits         |          | 88                                                      |      | 69                                                     |      |
| 8. Loss on valuation of golf club memberships           |          | 7                                                       |      | 8                                                      |      |
| 9. Dissolution fees for cancellation of contract        |          | 359                                                     | 0.5  | 76                                                     | 0.2  |
| Net income before taxes                                 |          |                                                         | 29.2 | 112,765                                                | 33.1 |
| Corporate tax, local and enterprise taxes               |          | 44,918                                                  |      | 39,913                                                 |      |
| Adjustment on corporate tax, etc                        |          | (43)                                                    | 13.4 | 5,550                                                  | 13.3 |
| Net income                                              |          |                                                         | 15.8 | 67,301                                                 | 19.8 |
| Retained earnings brought forward                       |          |                                                         |      | 5,733                                                  |      |
| Loss on price differences in disposal of treasury stock |          |                                                         |      | 42                                                     |      |
| Interim dividends                                       |          |                                                         |      | 2,835                                                  |      |
| Retained earnings at the end of the year                |          |                                                         |      | 70,156                                                 |      |

### 3. Statement on Appropriation of Profits

(In millions of yen – rounded down, except where noted)

| Category                                    | Note No. | Previous fiscal year<br>(June 25, 2004*) |        | Current fiscal year<br>(June 24, 2005*) |        |
|---------------------------------------------|----------|------------------------------------------|--------|-----------------------------------------|--------|
|                                             |          | Amount                                   |        | Amount                                  |        |
| I. Retained earnings at the end of the year |          |                                          | 53,174 |                                         | 70,156 |
| II. Appropriation of profits                |          |                                          |        |                                         |        |
| 1. Cash dividends                           |          | 2,834                                    |        | 2,832                                   |        |
| 2. Bonuses for directors                    |          | 106                                      |        | 126                                     |        |
| (Bonuses for auditors)                      |          | (4)                                      |        | (4)                                     |        |
| 3. Voluntary reserves                       |          |                                          |        |                                         |        |
| General reserve                             |          | 44,500                                   | 47,440 | 58,674                                  | 61,632 |
| III Retained earnings carried forward       |          |                                          | 5,733  |                                         | 8,523  |

- Notes: 1. During the previous fiscal year, AIFUL paid interim dividends amounting to 2,834 million yen (30 yen per share) on December 10, 2003.
2. During the current fiscal year, AIFUL paid interim dividends amounting to 2,835 million yen (30 yen per share) on December 10, 2004.
3. The dates with asterisks indicate date of approval, or scheduled date of approval, at the general meeting of shareholders'.

#### 4. Significant Accounting Policies Relating to the Financial Statements

| Item                                                    | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Previous fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                             |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Appraisal standards and methods for principal assets | <p>(1) Subsidiaries stock and stock in affiliated companies<br/>Cost method, cost being determined by the moving average method</p> <p>(2) Other marketable securities<br/>- Securities valued at market:<br/>Market value method based on the market prices on the settlement date. All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method.<br/>- Securities not valued at market:<br/>Cost method, cost being determined by the moving average method</p> | <p>(1) Subsidiaries stock and stock in affiliated companies<br/>As on left</p> <p>(2) Other marketable securities<br/>- Securities valued at market:<br/>As on left<br/><br/>- Securities not valued at market:<br/>As on left</p>                                                                                  |
| 2. Inventories                                          | Real estate for sale<br>Lower-of-cost-or-market method, cost being determined by the specific cost method                                                                                                                                                                                                                                                                                                                                                                                                                                    | Real estate for sale<br>As on left                                                                                                                                                                                                                                                                                  |
| 3. Depreciation methods for depreciable assets          | <p>(1) Tangible fixed assets<br/>Diminishing balance depreciation method<br/>Major useful lives are as follows:<br/>Buildings and structures 3-50 years<br/>Machinery 3-15 years<br/>Equipment and fixtures 3-20 years</p> <p>(2) Intangible fixed assets<br/>- Software<br/>Straight-line method based on the assumed useful life for internal use (5 years)<br/>- Others<br/>Straight-line method</p>                                                                                                                                      | <p>(1) Tangible fixed assets<br/>As on left</p> <p>(2) Intangible fixed assets<br/>As on left</p>                                                                                                                                                                                                                   |
| 4. Disposal method for deferred assets                  | Bond issuing expenses<br>Deferred assets are amortized uniformly within the shorter period of either the bonds' redemption period or the longest period (three years) mandated by the Commercial Code.                                                                                                                                                                                                                                                                                                                                       | Bond issuing expenses<br>As on left                                                                                                                                                                                                                                                                                 |
| 5. Accounting standards for allowances and reserves     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                     |
| (1) Allowance for bad debts                             | Provision for losses on bad debts is made up to the necessary amount considering the actual percentage of bad loan write-offs for normal claims, and up to the amount forecast to be irrecoverable based on individual assessments of recoverability for doubtful claims.                                                                                                                                                                                                                                                                    | As on left                                                                                                                                                                                                                                                                                                          |
| (2) Reserve for accrued bonuses                         | Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the fiscal year.                                                                                                                                                                                                                                                                                                                                                                                 | As on left                                                                                                                                                                                                                                                                                                          |
| (3) Allowance for retirement benefits for employees     | Provision for employees' retirement benefits is made on the basis of forecast retirement benefit obligations and pension assets at the end of the fiscal year.<br>Actuarial differences and past service obligations are generally written off as lump sum expenses in the fiscal year in which they arise.                                                                                                                                                                                                                                  | Provision for employees' retirement benefits is made on the basis of forecast retirement benefit obligations and pension assets at the end of the current fiscal year.<br>Actuarial differences and past service obligations are generally written off as lump sum expenses in the fiscal year in which they arise. |

| Item                                                | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Previous fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     | <p>(Supplementary Information)<br/>With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL obtained from the Minister of Health, Labour and Welfare an exemption from the obligation on September 25, 2003 to make future payments with respect to the agency portion of employees' pension fund.</p> <p>The estimated amount returned (minimum liability) as of the end of the non-consolidated fiscal year is 2,509 million yen. If AIFUL were to apply the interim measure set forth in the "Practice Guideline Concerning Retirement Benefit Accounting (Interim Report)" (Report of the Accounting Standards Committee of The Japanese Institute of Certified Public Accountants No. 13, Item 44-2), the amount to be recorded as a profit would be 263 million yen.</p> | <p>(Supplementary Information)<br/>With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL obtained from the Minister of Health, Labour and Welfare an exemption from the obligation on September 25, 2003 to make future payments with respect to the agency portion of employees' pension fund. The amount returned was confirmed on March 16, 2005.</p> <p>The impact on profit and loss in the fiscal year under review is 207 million yen recorded as extraordinary income. AIFUL obtained authorization on September 30, 2004 from the Minister of Health, Welfare and Labour to dissolve the AIFUL employees' pension fund and to introduce defined contribution pensions, and a new defined contribution pension system and advance retirement benefit system were adopted on October 1, 2004. However, the amount of assets under management per individual to be transferred to the defined contribution pension system with respect to the portion relating to past service had not been determined as of March 31, 2005.</p> |
| (4) Allowance for retirement benefits for directors | The Company provides for retirement benefits for directors by determining the amount to be paid at the end of the fiscal year based on the regulation for the payment of directors' retirement benefits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 6. Accounting methods for income and expenses       | Interest on loans to customers is recorded in accordance with accrual standards. Uncollected interest is recorded at the lower of the maximum legal interest rate and the pertinent Company interest rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 7. Accounting treatment for lease transactions      | In finance lease transactions, other than those in which the title of the leased asset is deemed to be transferred to the lessee, finance leases are treated according to the method used for ordinary loan transactions, <i>mutatis mutandis</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | As on left                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 8. Hedge accounting methods                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (1) Hedge accounting methods                        | <p>The Company uses deferred hedge accounting.</p> <p>However, the Company uses exceptional accounting rules for interest swaps that meet the requirements for exceptional treatment as interest swaps and interest caps.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>The Company uses deferred hedge accounting.</p> <p>The Company also applies appropriation treatment to exchange rate fluctuation risk hedge transactions that meet the requirements for appropriation treatment, and exceptional accounting rules for interest swaps that meet the requirements for exceptional treatment as interest swaps and interest caps.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (2) Hedging methods and hedged transactions         | <p>Hedging methods: Interest caps and interest swaps</p> <p>Hedged transactions: Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>a. Hedging methods:<br/>Currency swaps</p> <p>Hedged transactions:<br/>Foreign currency-denominated bonds</p> <p>b. Hedging methods:<br/>Interest caps and interest swaps</p> <p>Hedged transactions:<br/>Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (3) Hedging policy                                  | The Company uses hedge transactions to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The Company uses currency swaps as hedge transactions for exchange rate fluctuation risk related to the payment of principal and interest on foreign currency denominated corporate bonds. The Company uses hedge transactions for interest caps and interest swaps to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Item                                                                          | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Previous fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| (4) Evaluation of hedge effectiveness                                         | The Company determines the effectiveness of its hedging transactions based on a method of ratio analysis covering cumulative changes over a ten-year period. However, no evaluation of the effectiveness of interest swaps based on exceptional accounting rules is conducted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | As on left                                              |
| 9. Other significant accounting policies relating to the financial statements |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                         |
| (1) Accounting treatment of interest on debt                                  | Interest on debt used to provide consumer loans is accounted for as "interest expenses" in financial expenses. All other interest expenses are accounted for as "interest expenses" in non-operating expenses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | As on left                                              |
| (2) Accounting Methods for leveraged leases                                   | The Company signed a contract in December 1992 in which it participates in an anonymous association involved in the leasing of aircraft. The contract, which involved an investment of 100 million yen, is due to run for a total of 13 years. This amount is recorded in "investments in equity other than capital stock" under investment and other fixed assets on the balance sheets. AIFUL's portion of the losses incurred through this association have been deducted from the value of the investment as recorded on the financial statements, and losses above and beyond this total recorded in "other" under long-term liabilities as a sum of 62 million yen.<br>Net income of 22 million yen has been recorded in "miscellaneous" under non-operating income in the statement of income. | —                                                       |
| (3) Accounting treatment of consumption taxes                                 | Consumption taxes are taken out of all Statement of Income items and Balance Sheet items. Consumption taxes for fixed assets that are not subject to the exclusion, however, are included in "other" under investment and other fixed assets, and are written off using the straight-line method over a five-year period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | As on left                                              |

## 5. Changes in Labeling Method

| Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| —                                                       | Notes to the Non-Consolidated Balance Sheets<br>Investments of 819 million yen in limited liability investment partnerships and equivalent partnerships were included in investment securities based on "Practice Guideline Concerning Accounting Standards for Financial Instruments" (Report of the Accounting Standards Committee No. 14).<br>The amount of investment in equity other than capital stock was very small, so it was included in "other" under investment and other fixed assets. |

## 6. Supplementary Information

| Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004) | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--|----------------------|----------|----------------------|--------|-------------------------------|--|---------------------|----------|----------------------|--------|------------------------------|--------|
| —                                                       | <p>1. On March 31, 2003, "Partial Revisions of Regional Tax Laws" (Law No. 9 of 2003) was published, and with the incorporation of pro forma standard taxation systems into corporate enterprise taxes from the fiscal year commencing April 1, 2004, the corporate enterprise tax levied in proportion to added value and capital will be included under "Other" in "Operating expenses - other" from the current fiscal year in accordance with "Practical Treatment Concerning Presentation of Pro Forma Standard Taxation Portion of Enterprise Tax in Statement of Income," Practice Report No. 12, February 13, 2004, Accounting Standards Boards of Japan. As a result, "Other operating expenses" increased 876 million yen, and operating income, ordinary income and net income before taxes fell 876 million yen.</p> <p>2. The meeting of the Board of Directors held on February 21, 2005 resolved to undertake a stock split as follows.</p> <p>(1) Splitting procedure<br/>The Company's common shares owned by shareholders whose names are stated or recorded in the final register of shareholders and the register of beneficiary shareholders as of March 31 2005 shall be split 1.5 for each one share.</p> <p>(2) Number and type of shares to be increased due to the stock split<br/>47,345,000 shares of common stock</p> <p>(3) Date of stock split<br/>May 23, 2005</p> <p>(4) First date of dividend accrual period<br/>April 1, 2005</p> <p>Per share numerical data assuming the implementation of the stock split at the beginning of the previous consolidated fiscal year and at the beginning of the current consolidated fiscal year is as follows.</p> <table> <tr> <td>(1) Previous fiscal year (yen)</td><td></td></tr> <tr> <td>Net assets per share</td><td>3,689.45</td></tr> <tr> <td>Net income per share</td><td>373.88</td></tr> <tr> <td>(2) Current fiscal year (yen)</td><td></td></tr> <tr> <td>Net asset per share</td><td>4,125.16</td></tr> <tr> <td>Net income per share</td><td>473.96</td></tr> <tr> <td>Diluted net income per Share</td><td>473.92</td></tr> </table> | (1) Previous fiscal year (yen) |  | Net assets per share | 3,689.45 | Net income per share | 373.88 | (2) Current fiscal year (yen) |  | Net asset per share | 4,125.16 | Net income per share | 473.96 | Diluted net income per Share | 473.92 |
| (1) Previous fiscal year (yen)                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| Net assets per share                                    | 3,689.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| Net income per share                                    | 373.88                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| (2) Current fiscal year (yen)                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| Net asset per share                                     | 4,125.16                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| Net income per share                                    | 473.96                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |
| Diluted net income per Share                            | 473.92                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |  |                      |          |                      |        |                               |  |                     |          |                      |        |                              |        |

## 7. Notes

### A. Notes to the Non-Consolidated Balance Sheets

| Previous fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Current fiscal year<br>(As of Mar. 31, 2005) |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------|-------|---------|----------------------|-----|-------|---------|--|----------------------|------------------------------------|---------|-----------------|---------|-------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------|-------|---------|----------------------|-----|-------|---------|--|----------------------|------------------------------------|---------|-----------------|---------|-------|---------|
| <p>*1 Assets pledged as collateral and corresponding liabilities as below:</p> <p>(1) Assets pledged as collateral</p> <table> <tr> <td></td><td>(In millions of yen)</td></tr> <tr> <td>Loans</td><td>650,629</td></tr> <tr> <td>Real estate for sale</td><td>124</td></tr> <tr> <td>Total</td><td>650,754</td></tr> </table> <p>(2) Corresponding liabilities</p> <table> <tr> <td></td><td>(In millions of yen)</td></tr> <tr> <td>Current portion of long-term debts</td><td>173,618</td></tr> <tr> <td>Long-term debts</td><td>306,023</td></tr> <tr> <td>Total</td><td>479,641</td></tr> </table> <p>Above amounts include items related to the securitization of loans receivables, 259,797 million yen for outstanding loans receivables, 31,278 million yen for the current portion of long-term debts, and 90,268 million yen for the long-term debts.</p> <p>The matters below are not included in the aforementioned amounts.</p> <ul style="list-style-type: none"> <li>The Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 65,438 million yen for the current portion of long-term debts and 69,702 million yen in long-term debts, totaling 135,141 million yen.</li> </ul> |                                              | (In millions of yen) | Loans | 650,629 | Real estate for sale | 124 | Total | 650,754 |  | (In millions of yen) | Current portion of long-term debts | 173,618 | Long-term debts | 306,023 | Total | 479,641 | <p>*1 Assets pledged as collateral and corresponding liabilities as below:</p> <p>(1) Assets pledged as collateral</p> <table> <tr> <td></td><td>(In millions of yen)</td></tr> <tr> <td>Loans</td><td>712,804</td></tr> <tr> <td>Real estate for sale</td><td>113</td></tr> <tr> <td>Total</td><td>712,918</td></tr> </table> <p>(2) Corresponding liabilities</p> <table> <tr> <td></td><td>(In millions of yen)</td></tr> <tr> <td>Current portion of long-term debts</td><td>172,399</td></tr> <tr> <td>Long-term debts</td><td>300,670</td></tr> <tr> <td>Total</td><td>473,070</td></tr> </table> <p>Above amounts include items related to the securitization of loans receivables, 344,038 million yen for outstanding loans receivables, 33,276 million yen for the current portion of long-term debts, and 100,989 million yen for the long-term debts.</p> <p>The matters below are not included in the aforementioned amounts.</p> <ul style="list-style-type: none"> <li>The Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 56,530 million yen for the current portion of long-term debts and 53,354 million yen in long-term debts, totaling 109,884 million yen.</li> </ul> |  | (In millions of yen) | Loans | 712,804 | Real estate for sale | 113 | Total | 712,918 |  | (In millions of yen) | Current portion of long-term debts | 172,399 | Long-term debts | 300,670 | Total | 473,070 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (In millions of yen)                         |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 650,629                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Real estate for sale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 124                                          |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 650,754                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (In millions of yen)                         |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Current portion of long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 173,618                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 306,023                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 479,641                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (In millions of yen)                         |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 712,804                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Real estate for sale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 113                                          |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 712,918                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (In millions of yen)                         |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Current portion of long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 172,399                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Long-term debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 300,670                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 473,070                                      |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                      |       |         |                      |     |       |         |  |                      |                                    |         |                 |         |       |         |

| Previous fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Current fiscal year<br>(As of Mar. 31, 2005)                                                                                                                                                                                                                              |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|-------|----------------------|-------|--------|--------|------------------|--------|--------|--------|---------------------------------------|-------|-------|--------|---------------------------|--------|-----|--------|-------|--------|--------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------|-------------|-------|----------------------|-------|--------|--------|------------------|--------|--------|--------|---------------------------------------|-------|-------|--------|---------------------------|--------|-----|--------|-------|--------|--------|---------|
| <ul style="list-style-type: none"><li>• The Company has also offered 6,153 million yen in cash and cash equivalents as collateral for swap transactions.</li><li>• The Company has taken Marutoh K.K.'s tangible fixed assets as a pledge for their borrowings.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"><li>• The Company has also offered 4,456 million yen in cash and cash equivalents as collateral for swap transactions.</li><li>• The Company has taken Marutoh K.K.'s tangible fixed assets as a pledge for their borrowings.</li></ul> |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| *2 Includes 1,081,057 million yen in personal unsecured loans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | *2 Includes 1,093,662 million yen in personal unsecured loans.                                                                                                                                                                                                            |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| *3 Assets accepted as collateral with full rights of disposal and corresponding market values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | *3 Assets accepted as collateral with full rights of disposal and corresponding market values                                                                                                                                                                             |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (In millions of yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (In millions of yen)                                                                                                                                                                                                                                                      |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Transferred accounts 10,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Commercial paper 4,998                                                                                                                                                                                                                                                    |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Commercial paper 9,998                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Total 4,998                                                                                                                                                                                                                                                               |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Total 19,998                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                           |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| *4 The bad debts included in loans and claims in bankruptcy are shown below:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | *4 The bad debts included in loans and claims in bankruptcy are shown below:                                                                                                                                                                                              |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (In millions of yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (In millions of yen)                                                                                                                                                                                                                                                      |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| <table><tr><td></td><td>Unsecured loans</td><td>Other loans</td><td>Total</td></tr><tr><td>Claims in bankruptcy</td><td>4,880</td><td>21,227</td><td>26,107</td></tr><tr><td>Loans in arrears</td><td>18,929</td><td>23,211</td><td>42,141</td></tr><tr><td>Loans in arrears longer than 3 months</td><td>8,977</td><td>3,398</td><td>12,375</td></tr><tr><td>Loans with adjusted terms</td><td>37,155</td><td>104</td><td>37,260</td></tr><tr><td>Total</td><td>69,943</td><td>47,941</td><td>117,884</td></tr></table>                                                                                                                                 |                                                                                                                                                                                                                                                                           | Unsecured loans | Other loans | Total | Claims in bankruptcy | 4,880 | 21,227 | 26,107 | Loans in arrears | 18,929 | 23,211 | 42,141 | Loans in arrears longer than 3 months | 8,977 | 3,398 | 12,375 | Loans with adjusted terms | 37,155 | 104 | 37,260 | Total | 69,943 | 47,941 | 117,884 | <table><tr><td></td><td>Unsecured loans</td><td>Other loans</td><td>Total</td></tr><tr><td>Claims in bankruptcy</td><td>3,780</td><td>24,364</td><td>28,144</td></tr><tr><td>Loans in arrears</td><td>20,261</td><td>27,960</td><td>48,221</td></tr><tr><td>Loans in arrears longer than 3 months</td><td>9,061</td><td>3,039</td><td>12,100</td></tr><tr><td>Loans with adjusted terms</td><td>39,923</td><td>273</td><td>40,196</td></tr><tr><td>Total</td><td>73,025</td><td>55,637</td><td>128,662</td></tr></table> |  | Unsecured loans | Other loans | Total | Claims in bankruptcy | 3,780 | 24,364 | 28,144 | Loans in arrears | 20,261 | 27,960 | 48,221 | Loans in arrears longer than 3 months | 9,061 | 3,039 | 12,100 | Loans with adjusted terms | 39,923 | 273 | 40,196 | Total | 73,025 | 55,637 | 128,662 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Unsecured loans                                                                                                                                                                                                                                                           | Other loans     | Total       |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Claims in bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 4,880                                                                                                                                                                                                                                                                     | 21,227          | 26,107      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans in arrears                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 18,929                                                                                                                                                                                                                                                                    | 23,211          | 42,141      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans in arrears longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 8,977                                                                                                                                                                                                                                                                     | 3,398           | 12,375      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans with adjusted terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 37,155                                                                                                                                                                                                                                                                    | 104             | 37,260      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 69,943                                                                                                                                                                                                                                                                    | 47,941          | 117,884     |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Unsecured loans                                                                                                                                                                                                                                                           | Other loans     | Total       |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Claims in bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,780                                                                                                                                                                                                                                                                     | 24,364          | 28,144      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans in arrears                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 20,261                                                                                                                                                                                                                                                                    | 27,960          | 48,221      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans in arrears longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 9,061                                                                                                                                                                                                                                                                     | 3,039           | 12,100      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Loans with adjusted terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 39,923                                                                                                                                                                                                                                                                    | 273             | 40,196      |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 73,025                                                                                                                                                                                                                                                                    | 55,637          | 128,662     |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| Explanations for each of the above items follow:<br>(Claims in bankruptcy)<br>"Claims in bankruptcy" refers to loans that are included in loans on which principal or interest payments have been continuously late for a considerable period of time for the reasons cited in Article 96, Paragraph 1, Number 3, Items A through E of the Corporate Income Tax Law Execution Ordinance (1965, Ordinance No. 97), or for the reasons set forth in Number 4 of the same paragraph. The Company sets aside a reserve for bad debts that is equivalent to the amount the Company believes it will be unable to recover based on an evaluation of each loan. | Explanations for each of the above items follow:<br>(Claims in bankruptcy)<br>As on left                                                                                                                                                                                  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (Loans in arrears)<br>"Loans in arrears" refers to loans other than claims in bankruptcy for which unpaid interest is not accrued. This excludes loans, however, that are included in loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments.                                                                                                                                                                                | (Loans in arrears)<br>As on left                                                                                                                                                                                                                                          |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (Loans in arrears longer than 3 months)<br>"Loans in arrears longer than 3 months" refers to loans for which the principal or interest payment is three or more months overdue from the day following the scheduled payment date and that are not regarded as claims in bankruptcy or loans in arrears.                                                                                                                                                                                                                                                                                                                                                  | (Loans in arrears longer than 3 months)<br>As on left                                                                                                                                                                                                                     |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (Loans with adjusted terms)<br>"Loans with adjusted terms" refers to loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments, and that are not regarded as claims in bankruptcy, loans in arrears or loans in arrears longer than 3 months.                                                                                                                                                                                   | (Loans with adjusted terms)<br>As on left                                                                                                                                                                                                                                 |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| *5 The total amount of stock to be issued by the Company is 373,500,000 shares of common stock. The total number of shares issued and outstanding is 94,690,000 shares of common stock.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | *5 The total amount of stock to be issued by the Company is 373,500,000 shares of common stock. The total number of shares issued and outstanding is 94,690,000 shares of common stock.                                                                                   |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| 6 Liabilities for guarantee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 6 Liabilities for guarantee                                                                                                                                                                                                                                               |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 25,958 million yen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 35,267 million yen                                                                                                                                          |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |
| (2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 1,358 million yen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 7,912 million yen                                                                                                                                     |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |                 |             |       |                      |       |        |        |                  |        |        |        |                                       |       |       |        |                           |        |     |        |       |        |        |         |

| Previous fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                         | Current fiscal year<br>(As of Mar. 31, 2005)                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (3) Liabilities for guarantees of debt of affiliated companies:<br>Marutoh K.K. 8,600 million yen                                                                                                                     |                                                                                                                                                                                                                                                                    |
| *7 The number of treasury shares held by the Company is 222,866 shares of common stock.                                                                                                                               | *7 The number of treasury shares held by the Company is 284,465 shares of common stock.                                                                                                                                                                            |
| 8 Limitation on dividend<br>The increase in net assets as result of setting a market price for assets specified in Item 3 of Article 124 of the Enforcement Regulations of the Commercial Code was 4,361 million yen. | 8 Limitation on dividend<br>The increase in net assets as result of setting a market price for assets specified in Item 3 of Article 124 of the Enforcement Regulations of the Commercial Code was 5,284 million yen.                                              |
|                                                                                                                                                                                                                       | 9 Profit/loss relating to hedge methods<br>Profit/loss relating to hedge methods is recorded under deferred hedge loss as a net amount. The total deferred hedge loss before being netted out was 19,001 million yen.<br>Deferred hedge profit was 31 million yen. |

## B. Notes to the Non-Consolidated Statement of Income

| Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                             | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                       |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| *1 Gains on investments in anonymous association all refer to product fund operating capital and dividend payments. | *1 —                                                                                         |
| *2 Breakdown of loss on sale of tangible fixed assets is as follows.<br>(In millions of yen)                        | *2 Breakdown of loss on sale of tangible fixed assets is as follows.<br>(In millions of yen) |
| Telephone rights 125                                                                                                | Telephone rights 69                                                                          |
| Other 117                                                                                                           | Other 69                                                                                     |
| Total 243                                                                                                           | Total 69                                                                                     |
| *3 Breakdown of loss on disposal of fixed assets is as follows:<br>(In millions of yen)                             | *3 Breakdown of loss on disposal of fixed assets is as follows:<br>(In millions of yen)      |
| Buildings 239                                                                                                       | Buildings 159                                                                                |
| Structures 39                                                                                                       | Structures 27                                                                                |
| Equipment and fixtures 35                                                                                           | Equipment and fixtures 43                                                                    |
| Other 70                                                                                                            | Software 113                                                                                 |
| Total 385                                                                                                           | Other 32                                                                                     |
|                                                                                                                     | Total 375                                                                                    |
| *4 Matters relating to affiliated companies<br>Interest on loans 3,821 million yen                                  | *4 Matters relating to affiliated companies<br>Interest on loans 4,062 million yen           |
| *5 Losses on investments in an anonymous association all refer to valuation losses on commodity funds.              | *5 As on left                                                                                |

## 8. Notes to Lease Transaction

| Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005)                                                                                                                                                                 |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|-----------------------|--------|-------------------|-------|--------|--------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------|--------------------------|-----------------------|----------|-----|----|----|------------------------|-------|-------|-------|-------|-------|-------|-------|
| Notes to finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee.                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Notes to finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee.                                                                                 |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (1) Acquisition cost, accumulated depreciation and period ending balance of lease assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (1) Acquisition cost, accumulated depreciation and period ending balance of lease assets                                                                                                                               |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (In millions of yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (In millions of yen)                                                                                                                                                                                                   |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| <table><tr><td></td><td>Acquisition cost</td><td>Accumulated depreciation</td><td>Period ending balance</td></tr><tr><td>Vehicles</td><td>259</td><td>206</td><td>53</td></tr><tr><td>Equipment and fixtures</td><td>17,641</td><td>14,131</td><td>3,509</td></tr><tr><td>Total</td><td>17,900</td><td>14,337</td><td>3,562</td></tr></table>                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                        | Acquisition cost         | Accumulated depreciation | Period ending balance | Vehicles          | 259   | 206                                                                                                                                                                 | 53                | Equipment and fixtures | 17,641                | 14,131 | 3,509             | Total | 17,900 | 14,337 | 3,562 | <table><tr><td></td><td>Acquisition cost</td><td>Accumulated depreciation</td><td>Period ending balance</td></tr><tr><td>Vehicles</td><td>163</td><td>80</td><td>83</td></tr><tr><td>Equipment and fixtures</td><td>6,187</td><td>5,117</td><td>1,070</td></tr><tr><td>Total</td><td>6,351</td><td>5,198</td><td>1,153</td></tr></table> |  | Acquisition cost | Accumulated depreciation | Period ending balance | Vehicles | 163 | 80 | 83 | Equipment and fixtures | 6,187 | 5,117 | 1,070 | Total | 6,351 | 5,198 | 1,153 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Acquisition cost                                                                                                                                                                                                       | Accumulated depreciation | Period ending balance    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 259                                                                                                                                                                                                                    | 206                      | 53                       |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Equipment and fixtures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 17,641                                                                                                                                                                                                                 | 14,131                   | 3,509                    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 17,900                                                                                                                                                                                                                 | 14,337                   | 3,562                    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Acquisition cost                                                                                                                                                                                                       | Accumulated depreciation | Period ending balance    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 163                                                                                                                                                                                                                    | 80                       | 83                       |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Equipment and fixtures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 6,187                                                                                                                                                                                                                  | 5,117                    | 1,070                    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 6,351                                                                                                                                                                                                                  | 5,198                    | 1,153                    |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (2) Outstanding balance of future lease payments at the end of the period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (2) Outstanding balance of future lease payments at the end of the period                                                                                                                                              |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (In millions of yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (In millions of yen)                                                                                                                                                                                                   |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| <table><tr><td>Within one year</td><td>2,498</td></tr><tr><td>Over one year</td><td>1,101</td></tr><tr><td>Total</td><td>3,600</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Within one year                                                                                                                                                                                                        | 2,498                    | Over one year            | 1,101                 | Total             | 3,600 | <table><tr><td>Within one year</td><td>915</td></tr><tr><td>Over one year</td><td>267</td></tr><tr><td>Total</td><td>1,183</td></tr></table>                        | Within one year   | 915                    | Over one year         | 267    | Total             | 1,183 |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Within one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,498                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Over one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,101                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,600                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Within one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 915                                                                                                                                                                                                                    |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Over one year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 267                                                                                                                                                                                                                    |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,183                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (3) Amount of lease fee payments, the amount equivalent to depreciation expenses and the amount equivalent to interest expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (3) Amount of lease fee payments, the amount equivalent to depreciation expenses and the amount equivalent to interest expenses                                                                                        |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (In millions of yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (In millions of yen)                                                                                                                                                                                                   |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| <table><tr><td>Lease fee payment</td><td>3,986</td></tr><tr><td>Depreciation expenses</td><td>3,819</td></tr><tr><td>Interest expenses</td><td>103</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                               | Lease fee payment                                                                                                                                                                                                      | 3,986                    | Depreciation expenses    | 3,819                 | Interest expenses | 103   | <table><tr><td>Lease fee payment</td><td>2,565</td></tr><tr><td>Depreciation expenses</td><td>2,455</td></tr><tr><td>Interest expenses</td><td>49</td></tr></table> | Lease fee payment | 2,565                  | Depreciation expenses | 2,455  | Interest expenses | 49    |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Lease fee payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 3,986                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Depreciation expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,819                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Interest expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 103                                                                                                                                                                                                                    |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Lease fee payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2,565                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Depreciation expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,455                                                                                                                                                                                                                  |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| Interest expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 49                                                                                                                                                                                                                     |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (4) Accounting method for the amount equivalent to depreciation expenses<br>Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the fixed amount method. The method for calculating the amount equivalent to depreciation expenses was changed from the sum-of-the-years-digits method to the fixed amount method in the non-consolidated fiscal year. As a result, the amount equivalent to cumulative depreciation expenses is 1,588 million yen less, and the amount equivalent to depreciation expenses is 757 million yen more. | (4) Accounting method for the amount equivalent to depreciation expenses<br>Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the fixed amount method. |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |
| (5) Accounting method for the amount equivalent to interest expenses<br>Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.                                                                                                                                                                                                                                                                                          | (5) Accounting method for the amount equivalent to interest expenses<br>As on left                                                                                                                                     |                          |                          |                       |                   |       |                                                                                                                                                                     |                   |                        |                       |        |                   |       |        |        |       |                                                                                                                                                                                                                                                                                                                                          |  |                  |                          |                       |          |     |    |    |                        |       |       |       |       |       |       |       |

## 9. Marketable Securities

| End of previous fiscal year<br>(As of Mar. 31, 2004)                                    | End of current fiscal year<br>(As of Mar. 31, 2005) |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------|
| Subsidiaries' shares and the shares of affiliated companies do not have a market price. | As on left                                          |

## 10. Tax Effect Accounting

| End of previous fiscal year<br>(As of Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | End of current fiscal year<br>(As of Mar. 31, 2005)           |       |                                         |       |                                |        |                                  |       |                                                                          |              |                                                                                                                                                                                                                                                                                                                               |     |                                            |               |                                                |       |                                                              |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |            |                                                          |       |                                                  |              |                                                          |                |                                             |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                         |       |                        |       |                                  |       |                                                          |     |       |     |                                            |              |                                                |       |                                                               |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |           |                                                          |       |                                                  |              |                                                          |                |                                             |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------|-----------------------------------------|-------|--------------------------------|--------|----------------------------------|-------|--------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------|---------------|------------------------------------------------|-------|--------------------------------------------------------------|-----|-----------------------------------------------------------------------|-----|-------|-----|------------------------------------------|--------------|---------------------------------------------------------------|----------------|----------------------------------------|------------|----------------------------------------------------------|-------|--------------------------------------------------|--------------|----------------------------------------------------------|----------------|---------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------|------------------------|-------|----------------------------------|-------|----------------------------------------------------------|-----|-------|-----|--------------------------------------------|--------------|------------------------------------------------|-------|---------------------------------------------------------------|-----|-----------------------------------------------------------------------|-----|-------|-----|------------------------------------------|--------------|---------------------------------------------------------------|----------------|----------------------------------------|-----------|----------------------------------------------------------|-------|--------------------------------------------------|--------------|----------------------------------------------------------|----------------|---------------------------------------------|----------|
| <p>1 Principal cause of deferred tax assets and deferred tax liabilities<br/>(In millions of yen)</p> <p><i>Deferred tax assets (current)</i></p> <table> <tr><td>Excess amount transferred to allowance for bad debts accounts</td><td>6,732</td></tr> <tr><td>Denied amount of bad debts depreciation</td><td>2,517</td></tr> <tr><td>Accrued enterprise tax</td><td>1,409</td></tr> <tr><td>Unrecorded interest payments due</td><td>1,881</td></tr> <tr><td>Excess amount transferred to reserve for accrued bonuses</td><td>972</td></tr> <tr><td>Other</td><td>116</td></tr> <tr><td><b>Total deferred tax assets (current)</b></td><td><b>13,629</b></td></tr> </table> <p><i>Deferred tax assets (fixed)</i></p> <table> <tr><td>Excess amount of depreciation and amortization</td><td>1,605</td></tr> <tr><td>Excess amount transferred to allowance for bad debt accounts</td><td>647</td></tr> <tr><td>Amount transferred to allowance for retirement benefits for directors</td><td>495</td></tr> <tr><td>Other</td><td>998</td></tr> <tr><td><b>Total deferred tax assets (fixed)</b></td><td><b>3,747</b></td></tr> <tr><td><b>Amount offset against deferred tax liabilities (fixed)</b></td><td><b>(2,978)</b></td></tr> <tr><td><b>Net deferred tax assets (fixed)</b></td><td><b>769</b></td></tr> </table> <p><i>Deferred tax liabilities (fixed)</i></p> <table> <tr><td>Differences in evaluation of other marketable securities</td><td>2,978</td></tr> <tr><td><b>Total of deferred tax liabilities (fixed)</b></td><td><b>2,978</b></td></tr> <tr><td><b>Amount offset against deferred tax assets (fixed)</b></td><td><b>(2,978)</b></td></tr> <tr><td><b>Net deferred tax liabilities (fixed)</b></td><td><b>-</b></td></tr> </table> <p><b>Total deferred tax assets</b> 14,398</p> | Excess amount transferred to allowance for bad debts accounts | 6,732 | Denied amount of bad debts depreciation | 2,517 | Accrued enterprise tax         | 1,409  | Unrecorded interest payments due | 1,881 | Excess amount transferred to reserve for accrued bonuses                 | 972          | Other                                                                                                                                                                                                                                                                                                                         | 116 | <b>Total deferred tax assets (current)</b> | <b>13,629</b> | Excess amount of depreciation and amortization | 1,605 | Excess amount transferred to allowance for bad debt accounts | 647 | Amount transferred to allowance for retirement benefits for directors | 495 | Other | 998 | <b>Total deferred tax assets (fixed)</b> | <b>3,747</b> | <b>Amount offset against deferred tax liabilities (fixed)</b> | <b>(2,978)</b> | <b>Net deferred tax assets (fixed)</b> | <b>769</b> | Differences in evaluation of other marketable securities | 2,978 | <b>Total of deferred tax liabilities (fixed)</b> | <b>2,978</b> | <b>Amount offset against deferred tax assets (fixed)</b> | <b>(2,978)</b> | <b>Net deferred tax liabilities (fixed)</b> | <b>-</b> | <p>1 Principal cause of deferred tax assets and deferred tax liabilities<br/>(In millions of yen)</p> <p><i>Deferred tax assets (current)</i></p> <table> <tr><td>Denied amount of bad debts depreciation</td><td>3,668</td></tr> <tr><td>Accrued enterprise tax</td><td>1,288</td></tr> <tr><td>Unrecorded interest payments due</td><td>2,162</td></tr> <tr><td>Excess amount transferred to reserve for accrued bonuses</td><td>968</td></tr> <tr><td>Other</td><td>115</td></tr> <tr><td><b>Total deferred tax assets (current)</b></td><td><b>8,203</b></td></tr> </table> <p><i>Deferred tax assets (fixed)</i></p> <table> <tr><td>Excess amount of depreciation and amortization</td><td>1,635</td></tr> <tr><td>Excess amount transferred to allowance for bad debts accounts</td><td>550</td></tr> <tr><td>Amount transferred to allowance for retirement benefits for directors</td><td>490</td></tr> <tr><td>Other</td><td>946</td></tr> <tr><td><b>Total deferred tax assets (fixed)</b></td><td><b>3,623</b></td></tr> <tr><td><b>Amount offset against deferred tax liabilities (fixed)</b></td><td><b>(3,608)</b></td></tr> <tr><td><b>Net deferred tax assets (fixed)</b></td><td><b>14</b></td></tr> </table> <p><i>Deferred tax liabilities (fixed)</i></p> <table> <tr><td>Differences in evaluation of other marketable securities</td><td>3,608</td></tr> <tr><td><b>Total of deferred tax liabilities (fixed)</b></td><td><b>3,608</b></td></tr> <tr><td><b>Amount offset against deferred tax assets (fixed)</b></td><td><b>(3,608)</b></td></tr> <tr><td><b>Net deferred tax liabilities (fixed)</b></td><td><b>-</b></td></tr> </table> <p><b>Total deferred tax assets</b> 8,217</p> | Denied amount of bad debts depreciation | 3,668 | Accrued enterprise tax | 1,288 | Unrecorded interest payments due | 2,162 | Excess amount transferred to reserve for accrued bonuses | 968 | Other | 115 | <b>Total deferred tax assets (current)</b> | <b>8,203</b> | Excess amount of depreciation and amortization | 1,635 | Excess amount transferred to allowance for bad debts accounts | 550 | Amount transferred to allowance for retirement benefits for directors | 490 | Other | 946 | <b>Total deferred tax assets (fixed)</b> | <b>3,623</b> | <b>Amount offset against deferred tax liabilities (fixed)</b> | <b>(3,608)</b> | <b>Net deferred tax assets (fixed)</b> | <b>14</b> | Differences in evaluation of other marketable securities | 3,608 | <b>Total of deferred tax liabilities (fixed)</b> | <b>3,608</b> | <b>Amount offset against deferred tax assets (fixed)</b> | <b>(3,608)</b> | <b>Net deferred tax liabilities (fixed)</b> | <b>-</b> |
| Excess amount transferred to allowance for bad debts accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| Denied amount of bad debts depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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| Accrued enterprise tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| Unrecorded interest payments due                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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| Excess amount transferred to reserve for accrued bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| <b>Total deferred tax assets (current)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             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| Excess amount of depreciation and amortization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         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| Excess amount transferred to allowance for bad debt accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           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| Amount transferred to allowance for retirement benefits for directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| <b>Total deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Amount offset against deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| <b>Net deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| Differences in evaluation of other marketable securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Total of deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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| <b>Amount offset against deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Net deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            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| Denied amount of bad debts depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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| Accrued enterprise tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| Unrecorded interest payments due                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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| Excess amount transferred to reserve for accrued bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| <b>Total deferred tax assets (current)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             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| Excess amount of depreciation and amortization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         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| Excess amount transferred to allowance for bad debts accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| Amount transferred to allowance for retirement benefits for directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| <b>Total deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Amount offset against deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| <b>Net deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| Differences in evaluation of other marketable securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Total of deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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| <b>Amount offset against deferred tax assets (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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| <b>Net deferred tax liabilities (fixed)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            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| <p>2 Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting</p> <table> <tr><td>Statutory effective tariff (Adjusted)</td><td>41.9%</td></tr> <tr><td>Tax on reserves</td><td>5.3%</td></tr> <tr><td>Tax exemption for IT equipment</td><td>(2.0)%</td></tr> <tr><td>Other</td><td>0.6%</td></tr> <tr><td><b>Charge rate of income tax after adoption of tax effect accounting</b></td><td><b>45.8%</b></td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Statutory effective tariff (Adjusted)                         | 41.9% | Tax on reserves                         | 5.3%  | Tax exemption for IT equipment | (2.0)% | Other                            | 0.6%  | <b>Charge rate of income tax after adoption of tax effect accounting</b> | <b>45.8%</b> | <p>2 Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting</p> <p>Omitted because the difference between the statutory effective tax rate and income tax charge rate after adoption of tax effect accounting was less than 5%.</p> |     |                                            |               |                                                |       |                                                              |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |            |                                                          |       |                                                  |              |                            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| Statutory effective tariff (Adjusted)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| Tax on reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        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| Tax exemption for IT equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         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| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0.6%                                                          |       |                                         |       |                                |        |                                  |       |                                                                          |              |                                                                                                                                                                                                                                                                                                                               |     |                                            |               |                                                |       |                                                              |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |            |                                                          |       |                                                  |              |                            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  |              |                                                |       |                                                               |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |           |                                                          |       |                                                  |              |                                                          |                |                                             |          |
| <b>Charge rate of income tax after adoption of tax effect accounting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>45.8%</b>                                                  |       |                                         |       |                                |        |                                  |       |                                                                          |              |                                                                                                                                                                                                                                                                                                                               |     |                                            |               |                                                |       |                                                              |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |            |                                                          |       |                                                  |              |                            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  |              |                                                |       |                                                               |     |                                                                       |     |       |     |                                          |              |                                                               |                |                                        |           |                                                          |       |                                                  |              |                                                          |                |                                             |          |

## 11. Per Share Information

| Item                         | Previous fiscal year                                                                                                                                          | Current fiscal year |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net assets per share         | 5,534.17 yen                                                                                                                                                  | 6,187.74 yen        |
| Net income per share         | 560.82 yen                                                                                                                                                    | 710.94 yen          |
| Diluted net income per share | Diluted net income per share for the fiscal year under review has not been included here, as there was no dilutary effect on income at the end of the period. | 710.88 yen          |

### *Basis for calculation of net income per share and diluted income per share*

| Item                                                                                         | Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                      | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------|
| Net Income                                                                                   | 53,086 million yen                                                           | 67,301 million yen                                     |
| Amount not attributable to common stock shareholders                                         | 106 million yen                                                              | 151 million yen                                        |
| (Includes directors' bonuses distribution of profit)                                         | 106 million yen                                                              | 151 million yen                                        |
| Net income relating to common stock                                                          | 52,979 million yen                                                           | 67,150 million yen                                     |
| Average number of shares of common stock during the period                                   | 94,467,918 shares                                                            | 94,453,068 shares                                      |
| Outline of stock not included in diluted net income per share due to lack of dilutary effect | Stock options relating to treasury stock acquisition methods: 204,000 shares | -                                                      |

Note: Directors' bonuses for the current fiscal year had not been determined as of the date of publication, so figures may change. The Company will publish the amount when it is determined.

## 12. Significant Subsequent Events

| Previous fiscal year<br>(Apr. 1, 2003 to Mar. 31, 2004)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|------------------|--------------|-----------------------------|-----------|---------------|---------------|-----------|---------------|------------------|---------------------------|----------------------------------|------------|---------------------------------|---------|--------------------------------|--------------------|----------------------|------------------------|---------------|-----------------|---------------|--------------------------------|------|
| <p>On June 16, 2004, the Company concluded a stock transfer agreement by which it acquired all the shares issued by Wide Corporation (president: Mitsuo Yanagi).<br/>As part of the business strategy to become a comprehensive retail financial services company, this acquisition is intended to boost business efficiency and profitability and reinforce Group earnings with the addition of Wide Corporation to the Group.</p> <table> <tr> <td>Company name</td><td>Wide Corporation</td></tr> <tr> <td>Headquarters</td><td>Utsunomiya-shi, Tochigi-ken</td></tr> <tr> <td>President</td><td>Mitsuo Yanagi</td></tr> <tr> <td>Establishment</td><td>May, 1984</td></tr> <tr> <td>Main business</td><td>Consumer finance</td></tr> <tr> <td>Total assets<sup>1</sup></td><td>106,693 million yen<sup>2</sup></td></tr> <tr> <td>Net assets</td><td>12,461 million yen<sup>2</sup></td></tr> <tr> <td>Capital</td><td>2,555 million yen<sup>2</sup></td></tr> <tr> <td>Major shareholders</td><td>Sei Saito and others</td></tr> <tr> <td>Stock acquisition date</td><td>June 30, 2004</td></tr> <tr> <td>Shares acquired</td><td>32,135 shares</td></tr> <tr> <td>Equity share after acquisition</td><td>100%</td></tr> </table> <p>Notes: 1. Figure includes 36,811 million yen in loans that were dropped from the balance sheet as a result of securitization.<br/>2. Figures as of Mar. 31, 2004</p> |                                                        | Company name | Wide Corporation | Headquarters | Utsunomiya-shi, Tochigi-ken | President | Mitsuo Yanagi | Establishment | May, 1984 | Main business | Consumer finance | Total assets <sup>1</sup> | 106,693 million yen <sup>2</sup> | Net assets | 12,461 million yen <sup>2</sup> | Capital | 2,555 million yen <sup>2</sup> | Major shareholders | Sei Saito and others | Stock acquisition date | June 30, 2004 | Shares acquired | 32,135 shares | Equity share after acquisition | 100% |
| Company name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Wide Corporation                                       |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Headquarters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Utsunomiya-shi, Tochigi-ken                            |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| President                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Mitsuo Yanagi                                          |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Establishment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | May, 1984                                              |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Main business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Consumer finance                                       |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Total assets <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 106,693 million yen <sup>2</sup>                       |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Net assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 12,461 million yen <sup>2</sup>                        |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2,555 million yen <sup>2</sup>                         |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Major shareholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Sei Saito and others                                   |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Stock acquisition date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | June 30, 2004                                          |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Shares acquired                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 32,135 shares                                          |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |
| Equity share after acquisition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 100%                                                   |              |                  |              |                             |           |               |               |           |               |                  |                           |                                  |            |                                 |         |                                |                    |                      |                        |               |                 |               |                                |      |

### III. Results of Operations

#### 1. Operating Revenue

(In millions of yen)

| Item / Period                  |                                   | Previous fiscal year<br>(Apr. 2003 to Mar. 3, 2004) |       | Current fiscal year<br>(Apr. 1, 2004 to Mar. 31, 2005) |       |
|--------------------------------|-----------------------------------|-----------------------------------------------------|-------|--------------------------------------------------------|-------|
|                                |                                   | Amount                                              | %     | Amount                                                 | %     |
| Interest on loans to customers | Unsecured loans                   | 265,959                                             | 79.4  | 266,930                                                | 78.3  |
|                                | Secured loans                     | 54,663                                              | 16.3  | 55,875                                                 | 16.4  |
|                                | Small business loans              | 6,355                                               | 1.9   | 7,722                                                  | 2.3   |
|                                | Subtotal                          | 326,978                                             | 97.6  | 330,528                                                | 97.0  |
| Financial revenue - other      | Interest on deposits              | 6                                                   | 0.0   | 1                                                      | 0.0   |
|                                | Interest on marketable securities | 1                                                   | 0.0   | 0                                                      | 0.0   |
|                                | Interest on loans                 | 47                                                  | 0.0   | 111                                                    | 0.0   |
|                                | Other                             | 3                                                   | 0.0   | 0                                                      | 0.0   |
|                                | Subtotal                          | 58                                                  | 0.0   | 113                                                    | 0.0   |
| Operating revenue - other      | Sales of real estate              | 50                                                  | 0.0   | -                                                      | -     |
|                                | Bad debt write-off recovery       | 3,738                                               | 1.1   | 4,090                                                  | 1.2   |
|                                | Other                             | 4,150                                               | 1.3   | 5,883                                                  | 1.8   |
|                                | Subtotal                          | 7,940                                               | 2.4   | 9,973                                                  | 3.0   |
| Total                          |                                   | 334,977                                             | 100.0 | 340,615                                                | 100.0 |

Note: "Other" included in "Operating revenue - other" consists of clerical fees and real estate rents.

#### 2. Other Operating Indicators

(In millions of yen - except per share data)

| Item / Period                                       |                            | End of previous fiscal year<br>(As of March 31, 2004) | End of current fiscal year<br>(As of March 31, 2005) |
|-----------------------------------------------------|----------------------------|-------------------------------------------------------|------------------------------------------------------|
| Total amount of loans outstanding                   |                            | 1,451,638                                             | 1,471,767                                            |
| Unsecured loans                                     | Unsecured loans            | 1,081,057                                             | 1,093,662                                            |
|                                                     | Secured loans              | 342,637                                               | 345,180                                              |
|                                                     | Small business loans       | 27,943                                                | 32,924                                               |
| Number of customer accounts                         |                            | 2,246,179                                             | 2,214,748                                            |
| Unsecured loans                                     | Unsecured loans            | 2,131,054                                             | 2,091,244                                            |
|                                                     | Secured loans              | 93,935                                                | 98,625                                               |
|                                                     | Small business loans       | 21,190                                                | 24,879                                               |
| Number of branches                                  |                            | 1,563                                                 | 1,572                                                |
| Staffed branches                                    | Staffed branches           | 544                                                   | 549                                                  |
|                                                     | Unstaffed branches         | 1,018                                                 | 1,023                                                |
|                                                     | Branches for secured loans | 1                                                     | -                                                    |
| Number of "Ojidosan" loan-contracting machines      |                            | 1,557                                                 | 1,561                                                |
| Automatic processing machines for loan applications |                            | -                                                     | 7                                                    |
| Number of ATMs                                      |                            | 59,717                                                | 76,338                                               |
| Company-owned                                       | Company-owned              | 1,661                                                 | 1,761                                                |
|                                                     | Partner-owned              | 58,056                                                | 74,577                                               |
| Number of employees                                 |                            | 3,397                                                 | 3,184                                                |
| Bad debt write-off                                  |                            | 91,549                                                | 91,243                                               |
| Allowance for bad debts                             |                            | 99,958                                                | 101,053                                              |
| Net income per share (yen)                          |                            | 560.82                                                | 710.94                                               |
| Net assets per share (yen)                          |                            | 5,534.17                                              | 6,187.74                                             |

Notes: 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy.  
2. Bad debt write-off does not include losses on claims in bankruptcy, which came to 2,781 million yen in the previous fiscal year, and 5,012 million yen in the current fiscal year.

#### IV. Changes to the Board of Directors

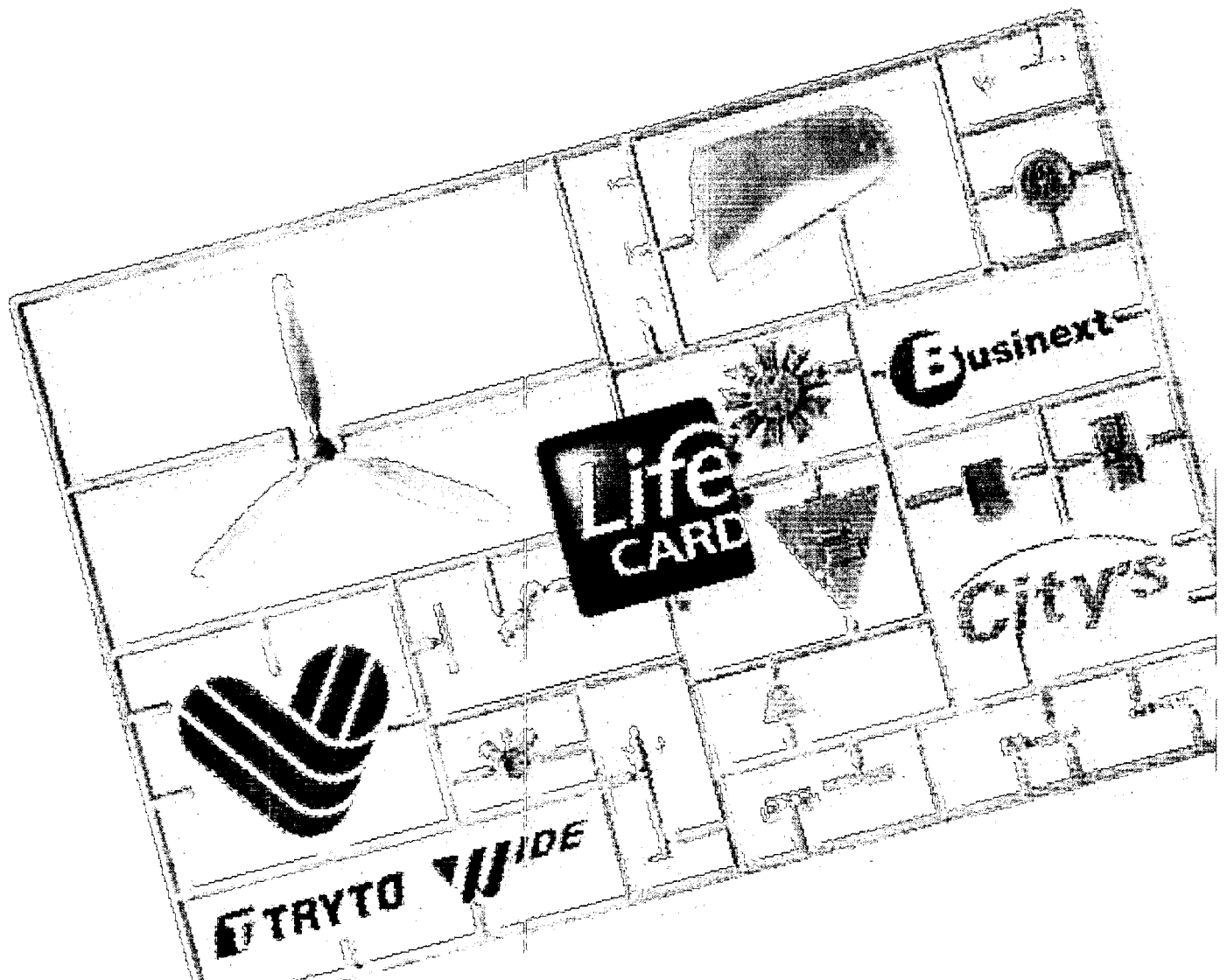
##### Changes to the Directors' Positions

Effective April 1, 2005

| Name                | New post                                                                                                                       | Former post                                                                                                                                     |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Sadatoshi Kobayashi | Senior Managing Director, Head of Information Systems Development Department, Head of Information Systems Operating Department | Senior Managing Director, Head of Information Systems Department Administration Office, Head of Inspection Department                           |
| Shintaro Hashima    | Managing Director, Head of General Affairs Department, Head of Legal Department, Head of Compliance Office                     | Managing Director, Head of Personnel Division, Head of General Affairs Department, Head of Legal Department                                     |
| Koji Imada          | Director, Head of East Japan Loan Recovery Department, Head of West Japan Loan Recovery Department                             | Director, Head of Loan Recovery Department, Head of Credit Assessment Department                                                                |
| Masami Munetake     | Director, General Manager of Personnel Division                                                                                | Director, General Manager of East Japan Loan Business Division                                                                                  |
| Yasuo Yanagibashi   | Director, Head of Inspection Department, Head of Credit Assessment Department                                                  | Director, General Manager of West Japan Loan Business Division, Head of Credit Card Business Department, Head of Management Planning Department |
| Masayuki Sato       | Director, Head of Marketing Department                                                                                         | Director                                                                                                                                        |
| Kazumitsu Oishi     | Director, General Manager of Loan Business Division                                                                            | Director                                                                                                                                        |

AIFUL CORPORATION  
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## ASSEMBLING THE VISION



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## CORPORATE PHILOSOPHY

# "WIN THE GOOD FAVOR OF SOCIETY"

### BE THE COMPANY OF CHOICE FOR INDIVIDUALS AND SOCIETY

Customers come first. We work hard to understand their needs and satisfy their expectations. This is why people choose AIFUL, and why they come back to us again and again.

## SUCCESSFUL SYNERGIES FOR CUSTOMERS, THE COMPANY, AND EMPLOYEES

### REWARD INVESTORS WITH CONTINUED CORPORATE GROWTH

AIFUL pursues steady growth in profit and value for shareholders. We commit ourselves to fair and impartial disclosure of information, and to maintaining excellent relations with shareholders and other investors.

### OFFER EMPLOYEES A STABLE LIVELIHOOD AND OPTIMUM JOB CONDITIONS

AIFUL strives to provide a work environment that is fulfilling for employees and encourages them to realize the ideals of the company. Employees enjoy performance-based rewards and optimum job conditions which improve their quality of life.

Our corporate philosophy is "Win the good favor of society." By this, we mean coexisting harmoniously with and maintaining a good relationship with society at large, as an innovative, comprehensive finance group that customers can rely on.

### "Successful synergies for customers, the Company and employees"

With this philosophy we believe we can achieve successful synergies for all of our stakeholders, namely, our customers, shareholders and employees.

The history of the consumer finance industry is a mixed one. In the late 1970s to the early 1980s, consumer finance companies were not widely known and were the subject of much public criticism.

Our corporate philosophy to "Win the good favor of society" reflects our sincere intentions to improve the way we, and the rest of the industry, are viewed by the public, attract a broader base of customers and contribute to society.

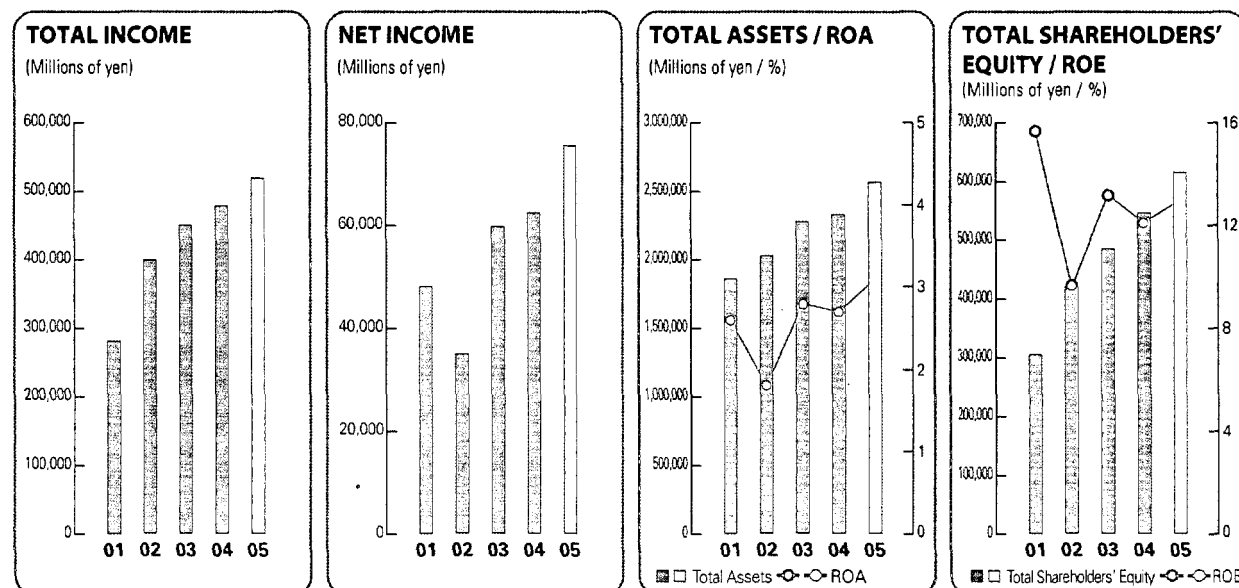
### Forward-Looking Statements

The figures contained in this Annual Report with respect to AIFUL's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of AIFUL, which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties and actual results that may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, without limitation, general economic conditions in AIFUL's market 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.

## CONSOLIDATED FINANCIAL HIGHLIGHTS

| AIFUL Corporation and Consolidated Subsidiaries   | Millions of Yen |            |            | Percentage of Change | Thousands of U.S. Dollars |
|---------------------------------------------------|-----------------|------------|------------|----------------------|---------------------------|
| Years Ended March 31, 2005, 2004 and 2003         | 2005            | 2004       | 2003       | 05/04                | 2005                      |
| <b>For the Year:</b>                              |                 |            |            |                      |                           |
| Total income                                      | ¥ 520,737       | ¥ 479,473  | ¥ 451,168  | 8.6                  | \$ 4,866,700              |
| Total expenses                                    | 391,295         | 375,659    | 343,715    | 4.2                  | 3,656,962                 |
| Credit costs                                      | 155,466         | 157,349    | 138,479    | -1.2                 | 1,452,953                 |
| Income before income taxes and minority interests | 129,442         | 103,814    | 107,453    | 24.7                 | 1,209,738                 |
| Net income                                        | 75,723          | 62,548     | 59,911     | 21.1                 | 707,692                   |
| <b>At Year-End:</b>                               |                 |            |            |                      |                           |
| Loans                                             | 1,995,622       | 1,786,940  | 1,670,782  | 11.7                 | 18,650,673                |
| Installment accounts receivable                   | 192,402         | 154,285    | 147,857    | 24.7                 | 1,798,150                 |
| Bad debts                                         | 175,136         | 149,826    | 120,399    | 16.9                 | 1,636,785                 |
| Total assets                                      | 2,574,286       | 2,332,761  | 2,282,113  | 10.4                 | 24,058,748                |
| Allowance for bad debts                           | 159,483         | 145,757    | 132,130    | 9.4                  | 1,490,495                 |
| Long-term debt, including current portion thereof | 1,601,763       | 1,451,777  | 1,436,104  | 10.3                 | 14,969,748                |
| Total shareholders' equity                        | 617,353         | 547,504    | 485,991    | 12.8                 | 5,769,654                 |
| Number of shares issued                           | 142,035,000     | 94,690,000 | 94,690,000 | 50.0                 |                           |
|                                                   |                 |            |            |                      |                           |
|                                                   | Yen             |            |            | Percentage of Change | U.S. Dollars              |
| <b>Per Share Data:</b>                            |                 |            |            |                      |                           |
| Net income                                        | ¥ 533.57        | ¥ 440.65   | ¥ 425.06   | 21.1                 | \$ 4.99                   |
| Net income—diluted                                | 533.53          | —          | —          | —                    | 4.99                      |
| Total shareholders' equity                        | 4,358.69        | 3,863.06   | 3,428.97   | 12.8                 | 40.74                     |
| Cash dividends                                    | 60.00           | 60.00      | 60.00      | 0                    | 0.56                      |

Notes: 1. The U.S. dollar amounts have been translated, for convenience only, at ¥107=\$1, the approximate rate of exchange at March 31, 2005.  
2. Net income per share has been computed based on the weighted average number of shares outstanding during each period, after retroactive adjustment for stock splits.  
3. Figures in the financial section are based on audited English-language statements. Figures in the feature section and review of operations are based on Japanese financial statements. Due to certain reclassifications, some figures and items do not match.  
4. On May 23, 2005, each common, par value share held as of March 31, 2005, was split into 1.5 shares according to the provisions of Article 218 of the Japanese Commercial Code.



## TO OUR SHAREHOLDERS

Pursuit of our comprehensive financial services strategy in the retail sector has led to an even greater contribution to earnings by group companies.

### OPERATING ENVIRONMENT

Japan's economy gradually improved during fiscal 2004, the fiscal year ended March 31, 2005. There was a brief period of weakness due to the much higher cost of oil and slowing economic growth in China. However, the Japanese economy was supported by strong corporate sales and earnings as many companies, chiefly large corporations, reported record-setting results. Held back by concerns about the economic outlook, consumer spending remained flat despite an improvement in employment levels and an end to the decline in personal income.

In the consumer finance industry, a realignment of consumer finance and credit card companies occurred under the leadership of Japan's megabanks. There were two equity and business alliances: ACOM Co., Ltd. and Mitsubishi Tokyo Financial Group, Inc.; and Promise Co., Ltd. and Sumitomo Mitsui Financial Group, Inc. Furthermore, Credit Saison Co., Ltd. and Mizuho Financial Group, Inc. announced a business alliance. Another notable trend is the determination among credit card companies affiliated with retailers and manufacturers to expand their operations.

We also saw the acquisition of consumer finance companies by companies in the IT field. These events are fueling even more intense competition for market share. On the positive side, the steady growth in Japan's personal bankruptcies, based on Supreme Court statistics, has come to an end. Due to amendments to the Moneylending Business Restriction Law that mainly targeted predatory lenders, these bankruptcies fell 12.8% in fiscal 2004 to 211 thousand. This was the first year-on-year decline in a decade. All major consumer finance companies saw double-digit declines in their credit costs as a result. Consequently, the volume of charge-offs probably reached its peak in the past fiscal year.

**Yoshitaka Fukuda**  
President and CEO

## HIGHLIGHTS OF OPERATING RESULTS

### 1. Consolidated summary

Consolidated operating revenue increased 9.5% to ¥518.4 billion and ordinary income was up 20.3% to ¥135.2 billion. As in the prior fiscal year, AIFUL Group was again the only major consumer finance company in Japan to post increases in revenue and earnings. Most of our peers reported higher earnings but lower revenue. Two factors were responsible for this accomplishment. The first was the downturn in credit costs because of the double-digit decline in personal bankruptcies, a trend that benefited all members of the consumer finance industry. The second factor is unique to AIFUL Group: higher earnings from group companies resulting from our comprehensive financial services strategy.

Illustrating the contribution of this strategy is the much faster growth of the AIFUL Group compared with AIFUL Corporation itself. While non-consolidated operating revenue increased only 1.7%, our consolidated revenue was up 9.5%. Consolidated ordinary income rose 20.3% compared with 13.7% on a non-consolidated basis. In addition to the larger earnings contribution of group companies, all group companies achieved profitability in the past fiscal year. I believe this is irrefutable proof of the success of our comprehensive financial services strategy.

Consolidated operating expenses increased 6.3% to ¥383.7 billion. This was mostly attributable to expenses associated with the June 2004 acquisition of Wide Corporation and to up-front investments that target growth opportunities at group companies. AIFUL's non-consolidated operating expenses declined 2.8% to ¥233.0 billion. Rising expenses for group companies demonstrate that we are shifting resources away from the mature unsecured consumer finance market to the credit card and business loan markets. In December 2004, the family ownership was reduced to raise the liquidity of AIFUL shares. This action meant that the retained earnings tax on closely held companies was no longer applicable to AIFUL Corporation (non-consolidated). Consequently, our consolidated net income increased 21.1% to ¥75.7 billion.

We expect double-digit earnings growth to continue in the fiscal year ending in March 2006 due to another increase in earnings from group companies. For this fiscal year, our business plan calls for a 7.1% increase in consolidated receivables to ¥2,700.0 billion, a 7.1% increase in operating revenue to ¥555.0 billion and a 14.6% increase in ordinary income to ¥155.0 billion.

### 2. The transformation in LIFE's profitability

Credit card issuer LIFE Co., Ltd. is the largest component of growth in consolidated revenue and earnings. Since joining the AIFUL Group in March 2001, LIFE has posted consistently strong growth. In the past fiscal year, LIFE's fourth as an AIFUL Group member, ordinary income improved 36.8% to ¥16.5 billion, ¥2.0 billion more than our initial plan for the year. Since joining the group, this company's ordinary income has grown from ¥2.4 billion to ¥8.0 billion, ¥12.0 billion and, last year, to ¥16.5 billion. The last three years were all-time highs.

LIFE's credit card business has been achieving remarkable growth. Central to this expansion are affinity card alliances with prominent partners such as Aoyama Capital Co., Ltd., an apparel retailer, and DEODEO Corporation and EIDEN Co., Ltd., both consumer electronics retailers. LIFE has consistently issued more than 2 million new cards annually. The number of cardholders has thus increased from 7.48 million in March 2001 to 11.91 million in March 2005. We expect that LIFE will issue more than 2 million new cards in the March 2006 fiscal year, too. A number of new initiatives will make this possible, including the Bank Alliance Card that we began issuing in July 2005 with THE HIGASHI-NIPPON BANK, LIMITED. We expect that LIFE will achieve a 6.4% increase in receivables to ¥799.5 billion, a 9.3% increase in operating revenue to ¥135.4 billion, on a managed asset basis, and a 27.1% increase in ordinary income to ¥21.0 billion.

### 3. Small business loans – A new core growth driver

Small business loan receivables increased 72.6% during the past fiscal year to total ¥47.6 billion at the end of March 2005. Responsible for much of this growth was BUSINEXT CORPORATION, a joint venture with The Sumitomo Trust & Banking Co., Ltd. that serves moderate-risk borrowers. The main reason was the completion of two scoring systems. One is for evaluations of business owners, making it possible to extend loans backed by no collateral or guarantees to these individuals. The other system is for evaluations of small business companies. Due to this growth, BUSINEXT had ordinary income of ¥0.6 billion compared with the prior year's loss of ¥1.0 billion, the first profit since its January 2001 establishment. Moderate-risk business loans is a market with comparatively little competition. We plan to maximize the advantages of our position as the leader in this market sector to continue the steep growth in receivables. BUSINEXT plans to raise receivables 46.0% to ¥69.5 billion in March 2006 and achieve 116.7% growth in ordinary income to ¥1.3 billion. Group member City's Corporation, which we bought in October 2002, targets the high-risk business loan category. Here, an enlargement of the branch network

Redundancy and dispersion. A basic stance that allows us to generate steady earnings growth by meeting the needs of many customer segments.



was largely responsible for a 46.3% increase in receivables to ¥45.6 billion. Ordinary income was ¥2.5 billion, well above the ¥1.8 billion initially planned.

For all small business loans, we are planning on another year of strong growth, backed primarily by the opening of new branches, mostly in the Tokyo area. Overall, we are aiming for a 53.3% increase in receivables to ¥70.0 billion and an 18.0% increase in ordinary income to ¥3.0 billion in the fiscal year ending in March 2006.

#### **4. TRYTO and Wide, our second group of consumer finance companies**

Group members TRYTO CORPORATION and Wide Corporation make up what we call our second consumer finance group. TRYTO, which began operations in April 2004, substantially cut its credit costs and boosted operating efficiency in the past fiscal year. The result was ordinary income of ¥2.8 billion. Wide, which we acquired in June 2004, recorded significant expenses associated with the unification of bad debt charge-offs and reserve standards, based on a conservative stance, with other AIFUL Group members. Despite these actions, ordinary income surpassed the initial plan by ¥0.6 billion to reach ¥1.6 billion. The combined ordinary income of TRYTO and Wide rose 58.5% from ¥15.5 billion to ¥24.6 billion. Two recent acquisitions of consumer finance companies have further enlarged this "second group." In February 2005, we acquired TCM Co. Ltd. which had receivables of ¥9.2 billion at the end of March 2005. The next month we acquired Passkey Co., Ltd., which had receivables of ¥8.3 billion at the end of February 2005.

### **THE AIFUL GROUP'S COMPREHENSIVE FINANCIAL SERVICES STRATEGY**

#### **1. The advantages of the comprehensive financial services strategy**

The AIFUL Group is executing a comprehensive financial services strategy with three goals in mind. First is sustaining steady growth in

the entire consumer credit market, which is expected to continue expanding, by targeting an even broader spectrum of customers. Second is reducing risk by assembling a more diverse business portfolio. Third is using the benefits of lower risk to increase leverage, thereby raising our return on equity.

Since we are targeting markets that are in a growth phase, our fundamental stance is "redundancy and dispersion" rather than "focus and selectivity." We can serve a broad array of customer needs by using group companies to sell many kinds of products. I firmly believe this approach is the best means to sustain earnings growth. As I noted earlier, Japan's consumer credit market is undergoing a realignment and diversification in participants. This is mainly the result of actions by megabanks to reinforce retail operations and of the entry of companies from outside the consumer finance industry. These new entrants are attracting a broader range of customers to the consumer finance market. At the same time, we foresee a continuation in diversity of our customer base. If these momentous changes continue, there will be a growing gap between companies able to adapt with speed and those that do not. Weaker companies will no longer be able to survive. I am convinced that the comprehensive financial services strategy is the best way to continue growing in this environment.

#### **2. Aiming to be Japan's leading "non-bank" financial company**

We are executing our comprehensive financial services strategy in three ways: continuing to realign our business portfolio, reinforcing the credit card business, and expanding through acquisitions.

Regarding the business portfolio, we are raising credit cards, small business loans and guarantees as a share of total receivables. This is taking place as we sustain growth in receivables and earnings in all businesses. We plan to lower unsecured consumer loans from the current 65% to about half of total receivables, creating a more stable earnings base.

To reinforce the credit card business, we will continue to channel resources to LIFE's credit card business, giving this priority over other

Based on the corporate philosophy to “Win the good favor of society,” AIFUL prioritizes CSR to ensure mutual prosperity with all stakeholders.



businesses. Affinity cards will be used to attract more cardholders and new businesses will be launched. Through these actions, we expect that growth in receivables will outpace market expansion.

Regarding the third point, we will target opportunities created by the ongoing realignment of Japan's consumer credit industry to strengthen the group through mergers and acquisitions. In business sectors where we want to grow, such as credit cards and small business loans, strategic investments will be made even if we need to pay a premium where justified. For opportunities in the consumer finance domain, we will aggressively target underpriced companies, making acquisitions that will allow us to maximize returns.

Executing this three-point strategy will lead to growth in receivables and earnings in all our businesses, propelling AIFUL to the number-one position among Japan's non-banks as a comprehensive source of financial services.

### 3. AIFUL's position concerning industry realignment

We witnessed a series of announcements involving equity and business tie-ups between megabanks and consumer finance companies during 2004. It appears that the primary benefit for consumer finance companies is an improvement in financial soundness. The AIFUL Group, though, has elected not to go down this path. We believe that a megabank alliance would restrict our freedom and prevent us from executing distinctive strategies.

Our position is different concerning credit cards, small business loans and home equity loans. Market size and growth prospects make these markets highly appealing. Most customers for these products are similar to the customers served by banks. We therefore envision business models that utilize bank brands either through loose bank alliances or the acquisition of a bank.

These actions demonstrate our ability to select strategic options and take actions entirely on our own. Two strengths make this possible. One is our steadfast adherence to our comprehensive financial services strategy. The other is our innovative approaches to product

development and risk management. This is why we have considerable expertise in all our targeted fields. For example, our ability to supply expertise in credit investigations was instrumental to the success of LIFE once it joined the AIFUL Group. I believe that the collective knowledge of our group gives us a valuable advantage as Japan's consumer credit industry realigns and becomes more competitive.

### THE AIFUL GROUP CORPORATE PHILOSOPHY

The corporate philosophy to “Win the good favor of society” has always formed the basis for the AIFUL Group's activities. As a comprehensive financial services group able to meet all our customers' needs, prospering along with society and maintaining a sound relationship with the public are our highest priorities. Our strategic goal is to become a comprehensive retail financial services company. To serve customers in more ways, we plan to conduct mergers and acquisitions and form alliances. This approach will raise our scale of operations, including receivables and earnings, in a manner that effectively taps the strengths of each group company. One major benefit will be even more opportunities for our employees to excel. By executing our comprehensive financial services strategy, we are firmly committed to generating benefits for all three core stakeholder groups: customers, shareholders and employees.

June 2005

A handwritten signature in dark ink, reading "Yoshitaka Fukuda". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'F'.

Yoshitaka Fukuda  
President and CEO

## GROWTH POTENTIAL REMAINS IN JAPAN'S CONSUMER CREDIT MARKET

### JAPAN'S CONSUMER CREDIT MARKET

Shown below is the basic composition of Japan's consumer credit market. Based on Japan Consumer Credit Industry Association data, estimated total credit extended during 2003 was ¥73,014 billion.

Representing about one-fourth of total final consumer spending in 2003 (approximately ¥282 trillion), this figure attests to the massive scale of the consumer credit market in Japan.

Total consumer credit extended has remained basically flat over the past decade. During this period, unsecured consumer loans extended by companies specializing in this business have been the fastest-growing category. Following the end of Japan's asset bubble in the early 1990s, the volume of unsecured consumer loans has more than doubled even as the nation's economy remained mired in a prolonged period of weakness. The strong consumer response to a constant stream of innovations by consumer loan companies was the main reason for this growth. This same period also saw average annual growth of about 6% in credit card shopping and cash advances. On the other hand, there has been a decline in consumer loans by banks and other financial institutions and in shopping loans by *shinpan* companies.

With a scale of about ¥73 trillion, Japan's consumer credit market is attracting the attention of many kinds of companies. Banks are forming

equity alliances and business tie-ups with major consumer finance companies as one way to bolster retail operations. Communications carriers, manufacturers and IT companies are entering the consumer credit market. These events are forcing smaller consumer finance companies to merge with each other or simply shut down. Realignment is also taking place in the consumer credit market. The result is sweeping changes in the structure of the entire consumer credit industry. These events are removing boundaries that once separated the consumer loan, consumer credit and credit card categories. Companies in Japan are now fighting for a share of the entire consumer credit market, just as in the United States.

The AIFUL Group is convinced that this market still has growth potential. One reason is likely to be efforts to serve new customer segments as competition intensifies. Growth is expected in all four major market categories: traditional consumer finance companies; credit card shopping and shopping loans; credit card cash advances; and consumer loans by *shinpan* companies and credit card companies. A gradual expansion in Japan's consumer credit market is therefore expected to continue.

As these trends redefine the nature of this market, companies offering nothing but consumer finance will no longer be able to sustain growth.

This is why the AIFUL Group is executing a "comprehensive financial services strategy." By extending operations to include credit cards, real estate-backed loans and small business loans, the group is building a base that can support consistent earnings growth.

#### JAPAN'S GROWING CONSUMER CREDIT MARKET

(Trillions of yen)



AEON, Nicos, Saison, JCB

AIFUL CORPORATION

Takefuji, Acom, Promise

Mitsubishi Tokyo, Mizuho, UFJ, Sumitomo Mitsui

Figures shown are credit provided during the year/ credit balance as of December 2003.

Credit Card Shopping (56,938)

Shopping Loans (41,310.9)

Credit Card Cash Advances (17,783.7)

Consumer Loans by Credit Card Companies (2,472)

Traditional Consumer Finance Companies (3,900.6)

Unsecured Loans of Banks and Other Private-sector Financial Institutions (3,415.3)

Post Office, Banks and Other Financial Institutions (21,140.3)

THE CONSUMER CREDIT MARKET

(73,014.3)

Source: Consumer Credit Market Statistics, Japan Consumer Credit Industry Association

As of December 31, 2003

## OUTLOOK FOR THE CORE MARKETS OF AIFUL GROUP

To translate its comprehensive financial services strategy into concrete actions, the AIFUL Group is aggressively enlarging three market sectors: consumer loans from consumer finance companies; credit cards; and small business loans. The following sections explain why each of these sectors has excellent growth prospects.

### THE SPECIALIST CONSUMER FINANCE COMPANIES MARKET

#### The solid growth in Japan's consumer finance industry

Even as Japan's consumer credit market remained flat, consumer loans extended by companies specializing in this business have more than doubled over the past decade. At the end of 2002, these loans topped ¥10 trillion. Furthermore, the number of individuals with information registered at the Federation of Credit Bureaus of Japan had increased about 83% over the past decade to 20.79 million as of December 31, 2004.

There are a number of social factors that explain why consumer finance companies have been able to earn this degree of support from customers. One is the rising demand for loans to enjoy free time as a result of the steadily rising affluence of Japanese consumers during the period of strong economic growth. Another factor is the tendency for consumers to use cash, a characteristic seldom seen elsewhere in the world. People in Japan have no concerns about carrying cash because of the nation's low crime rate.

One more reason is that consumer loans offered by banks and the services of credit card companies have not been as appealing as those of consumer finance companies.

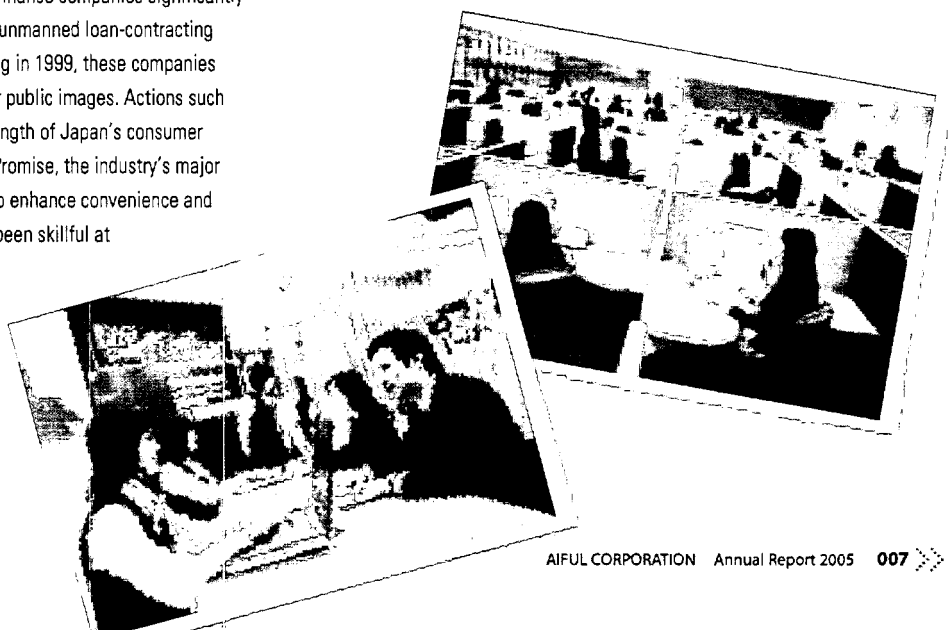
In addition to these social factors, major consumer finance companies have driven growth by constantly taking innovative actions to attract more customers. In the mid-90s, major consumer finance companies significantly enlarged branch office networks and added unmanned loan-contracting machines to enhance convenience. Beginning in 1999, these companies started using TV commercials to soften their public images. Actions such as these have led directly to the current strength of Japan's consumer finance market. AIFUL, Takefuji, Acom and Promise, the industry's major four, have constantly channeled resources to enhance convenience and corporate images. All four companies have been skillful at using these investments to differentiate themselves. Due to these efforts, the major four now account for about 60% of the consumer finance market.

#### Outlook for the consumer finance market

Gradual changes are becoming evident in the market for services provided by companies specializing in consumer loans, which has posted strong growth for some time. The majority of consumer loan customers are in their 20s and 30s, a segment that is declining in Japan as its population ages and the number of children falls. Based on AIFUL Group's forecasts, however, the market for consumer loan companies will grow from approximately ¥10.2 trillion in 2002 to about ¥14.0 trillion in 2012. After that, the outlook is for the market to enter a period of stable growth and maturity.

One reason for this forecast is the large number of customers in their late 50s and early 60s, part of the baby-boom generation, already served by specialist consumer loan companies. Another is the consistently high rate at which people in their 20s patronize these companies. This is a reflection of the low resistance in this age group toward using a consumer loan company due to TV commercials that create a better image for the industry and improvements in customer services. In addition, Japan's consumer finance business model offers the unique benefit of privacy.\* Based on all these considerations, the AIFUL Group believes that the consumer finance market will continue to expand.

\* Consumer finance companies allow customers to receive documents and statements directly at branch offices and ATMs, whereas *shinpan* companies and credit card companies mail documents and statements to customers' homes.



## THE CONSUMER CREDIT AND CREDIT CARD MARKET

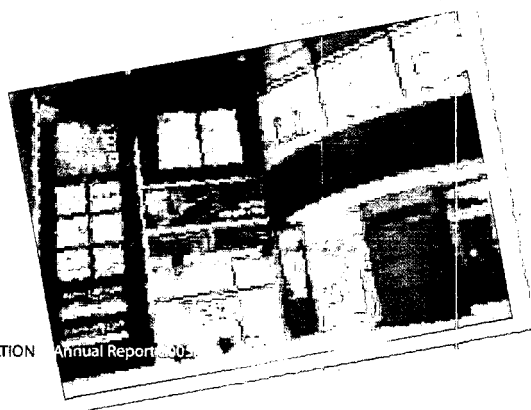
### Japan's Credit Card Market

In the credit card market, where AIFUL Group is active primarily through group company LIFE, the number of cards in issue exceeded 260 million at the end of 2003 according to statistics of the Japan Consumer Credit Industry Association. That equates to an average of two to three cards for every adult in Japan. The Central Council for Financial Services Information conducts regular surveys concerning household financial assets. Results show that the share of households using credit cards as the primary means of making purchases increased from 9.7% in 1993 to 21.5% in 2003. Obviously, the credit card is now an essential part of life in Japan. According to statistics of the Japan Consumer Credit Industry Association, total credit card turnover has almost doubled between 1993 and 2003, rising from ¥18.7 trillion to ¥34.1 trillion.

On the other hand, credit cards account for only about 10% of all consumer spending in Japan, much less than the 24% utilization rate in the United States. Furthermore, more than 90% of amounts due on credit cards are paid in full the following month in Japan through automatic bank transfers. Only about 10% of credit card transactions are financed with revolving credit, a scheme that is frequently used in the United States and other countries.

One reason is that, almost every time a credit card is used in Japan, the cashier asks if the customer wants to select a one-time or installment payment. That forces individuals to state their payment method in front of others, information that should remain private. Consumers tend to choose the one-time payment as a result. This is a highly unusual system by international standards.

Due to these circumstances, Japan is a country where many people have cards, but few use them frequently. Even when a credit card is used, people tend to avoid the credit function, using them instead as a debit card by paying in full the following month.



### The outlook for the credit card market

Rapid advances in information technology in recent years have driven progress in the establishment of a high-performance, low-cost infrastructure for credit card use. At the same time, credit card companies are making their products more appealing by introducing programs that allow customers to accumulate airline mileage, receive points at major retailers and enjoy other benefits. These actions are encouraging consumers to use their credit cards more often.

Currently, Japan is witnessing fierce competition among issuers of credit cards such as banks, *shinpan* companies, retailers and manufacturers. Issuers are enticing people with credit cards that include an e-money function as well as cash rebates and other features.

Credit cards are likely to account for a rising percentage of household spending in Japan. Supporting this growth will be infrastructure investments by credit card companies along with the introduction of more innovations. In fact, the advantages of using a credit card in Japan are increasing rapidly. Consumers are using cards for Internet shopping and making use of new functions made possible by IC card and e-money technology. A growing number of credit cards double as bank cash cards. Furthermore, credit cards can be used to pay utility and medical bills, both of which have customarily been settled using cash. Japan is also seeing a fundamental shift in the perception of money as a new generation of consumers emerges. Instead of placing importance on hard work and frugality, today's consumers are willing to take on debt to enrich their lives. These trends suggest that Japan's credit card market is on the verge of even more growth.

Furthermore, credit card companies have adopted a strategy of increasing the volume of cash advances to create another source of earnings. In the past, card issuers were reluctant to extend credit lines for these loans due to the resulting risk exposure. But today, these companies have switched to an aggressive stance, promoting these loans with direct marketing activities, raising credit lines and taking other steps to make cash advances more accessible to their customers.

Because of these events, the consumer finance and credit card markets are both likely to continue expanding while each sector targets largely different customer segments. That means the AIFUL Group, which has both consumer finance and credit card companies, is well positioned to execute a strategy that can produce consistent growth in earnings.

### THE SME LOAN MARKET

#### Targeting the latent needs of small and midsize companies

According to data from The Small and Medium Enterprise Agency, there were about 5.6 million companies in Japan with 20 or fewer employees at the end of 2001. Traditionally, the owners of these companies have taken out low-interest loans from local banks, credit unions and other financial institutions by using real estate as collateral. Another fund procurement option is using guarantors to obtain loans at a higher interest rate from companies specializing in higher-risk loans. Small and midsize companies also have access to government-backed financial institutions and loans backed by a credit guarantee corporation. However, the rising incidence of defaults that force these corporations to repay loans is causing the balance of loans to small and midsize companies to fall. These companies are finding it increasingly difficult to procure funds as a result.

#### The appeal of small business loans

The moderate-risk categories of the consumer finance and business loan markets are completely different. The size of the moderate-risk consumer loan market is extremely limited because of the affluence of most customers in this category. Demand for moderate-risk business loans, however, is substantial. Many companies of all sizes and credit standings have a constant need for financing. Despite the magnitude of demand for these loans, the number of lenders remains insufficient. AIFUL Group therefore views moderate-risk business loans as a market with immense growth potential (See page 22).

Looking only at the high-risk segment of the SME loan market, fallout from the *shoko* loan uproar in Japan of about six years ago caused by unethical loan collection practices is still holding down the balance of SME loans extended by the major lenders. But the balance of loans extended to small and midsize companies by other SME loan companies continues to climb. This is proof of the scale and consistency of demand for funds among SMEs and individual proprietorships.

On the other hand, there is virtually no competition in the market for extending unsecured small business loans, a moderate-risk category. A few megabanks and regional banks have announced plans to increase loans to these companies. But in practice, these banks are increasing loans to larger, middle-market companies, a borrower segment with a relatively low risk profile.

To succeed in each of these market segments, the AIFUL Group has City's to serve high-risk borrowers and BUSINEXT for the medium-risk category. By strengthening these borrower segment-specific distribution channels, the AIFUL Group is executing the most effective strategy for success in the small business loan market.

## THE COMPREHENSIVE FINANCIAL SERVICES STRATEGY

### THE COMPREHENSIVE FINANCIAL SERVICES STRATEGY

#### Advantage of The Comprehensive Financial Services Strategy

The AIFUL Group is pursuing a comprehensive financial services strategy for three key reasons: sustained earnings growth; business portfolio diversity; and the benefits of higher leverage.

Sustaining earnings growth would be difficult by relying solely on the consumer finance market. Since the primary customers for these loans are young adults, this market is expected to grow more slowly after 2012 because of Japan's aging population and falling number of children. At the same time, the entry of IT and other new competitors is making the consumer loan business more competitive. We decided that the best way to succeed in this environment was to look beyond consumer loans, targeting instead the entire consumer credit market. To accomplish this, we acquired LIFE in 2001, a company that can sustain consistent growth in earnings.

Diversifying our business portfolio is another goal. At the end of March 1999, unsecured loans accounted for 82% of our loan portfolio and home equity loans for 16%. Since then, we have made large investments in

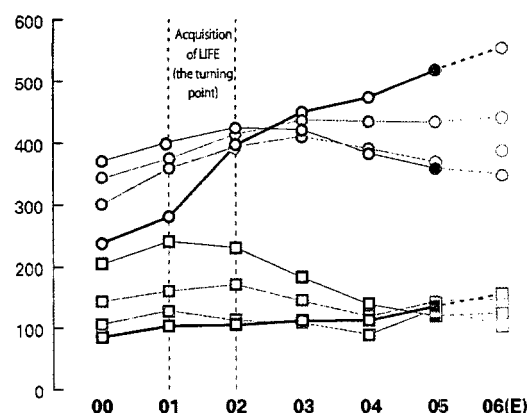
businesses active in other, faster-growing market categories. Credit card issuer LIFE and small business loan firms BUSINEXT and City's have all grown rapidly since joining the AIFUL Group. Due to this growth, unsecured loans at AIFUL accounted for 43% of consolidated receivables at the end of March 2005. Receivables at LIFE accounted for 30%, home equity loans for 14%, small business loans for 5% and other loans for the remaining 8%.

Portfolio diversification is also an effective means of spreading risk. In the fiscal year that ended in March 2005, AIFUL's non-consolidated unsecured loan charge-off ratio was 7.6%, compared with only 3.1% for home equity loans and 5.3% for LIFE's credit card receivables. Specializing in the consumer finance business clearly results in greater exposure to credit risk.

Most Japanese consumer finance companies are structured so that, when the consumer finance market matures a number of years from now, their high profitability will continue to raise equity even though the volume of receivables is flat. The resulting rise in equity ratios will erode their returns on equity. The AIFUL Group is different. At 3.1%, the ROA is less than at peer companies. However, the group's comparatively low 24.0% equity ratio produces a debt-equity ratio of 4.2 times, keeping the ROE consistently high. AIFUL therefore believes that increasing receivables through mergers and acquisitions, while preserving its credit ratings, is the most productive way to use capital.

#### CONSOLIDATED OPERATING REVENUE AND ORDINARY INCOME AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES

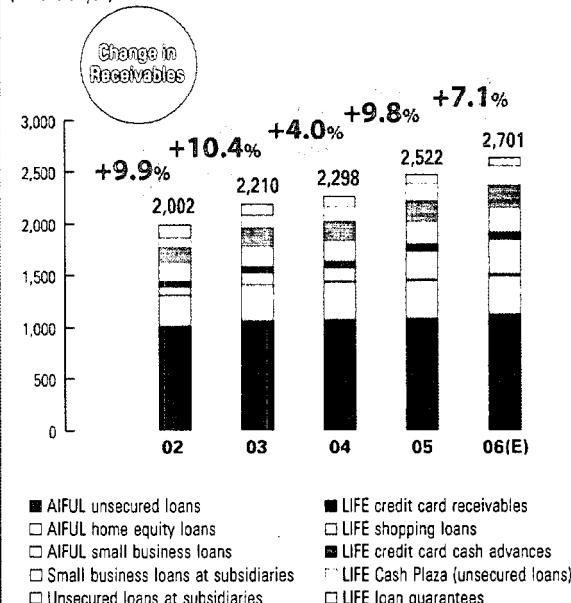
(Billions of yen)



Operating Revenue  
 ◆ AIFUL ◆ Promise ◆ Takefuji ◆ Acom  
 Ordinary Income  
 ◆ AIFUL ◆ Promise ◆ Takefuji ◆ Acom

#### DIVERSIFICATION OF RECEIVABLES AND THE RISK PROFILE

(Billions of yen)



# FUTURE POSITIONING OF AIFUL GROUP COMPANIES BY MARKET SECTOR

|           | Risk | Consumer Finance                | Small Business Loans | Consumer Credit and Credit Cards | Home Equity Loans                      |
|-----------|------|---------------------------------|----------------------|----------------------------------|----------------------------------------|
| PERSONAL  | Low  |                                 | Banks                |                                  |                                        |
|           |      |                                 | BUSINEXT             | LIFE CARD                        | BUSINEXT LIFE CARD                     |
|           | High | AIFUL CORPORATION<br>TRYTO WIDE | City's               | LIFE CARD                        | AIFUL CORPORATION<br>TRYTO WIDE City's |
| CORPORATE | Low  |                                 | Banks                |                                  |                                        |
|           |      |                                 | BUSINEXT             | LIFE CARD                        | BUSINEXT LIFE CARD                     |
|           | High |                                 | City's               | LIFE CARD                        | City's                                 |

Accordingly, as the consumer credit market continues to expand, we are following a policy of "redundancy and dispersion" rather than focusing only on certain businesses. We are convinced this is the best approach to implementing our comprehensive financial services strategy.

## Taking the Comprehensive Financial Services Strategy to the Next Level

AIFUL is taking many initiatives aimed at rapidly enlarging specific businesses as part of the comprehensive financial services strategy. In the consumer finance industry, two of the largest companies, Acom and Promise, became members of megabank groups in 2004 through equity and business alliances. AIFUL, however, has elected not to join a bank group because of the many restrictions and limited benefits associated with such a move. AIFUL will remain an independent corporate group that pursues growth by fostering brands like AIFUL, LIFE, TRYTO and Wide. Acquisitions will be used to serve more customers and raise receivables. The combination of a diverse brand portfolio and acquisitions will support growth in the AIFUL Group's market share.

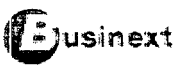
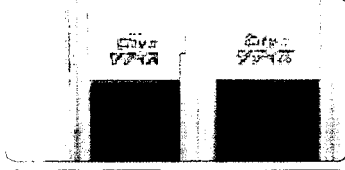
The credit card, small business loan and home equity loan sectors are all large markets with much growth potential. The AIFUL Group is targeting these markets for rapid expansion as well as for strategic investments to execute acquisitions and mergers. Moreover, since bank alliances can provide significant advantages in these three markets, AIFUL believes that banking capability should be added to the group.

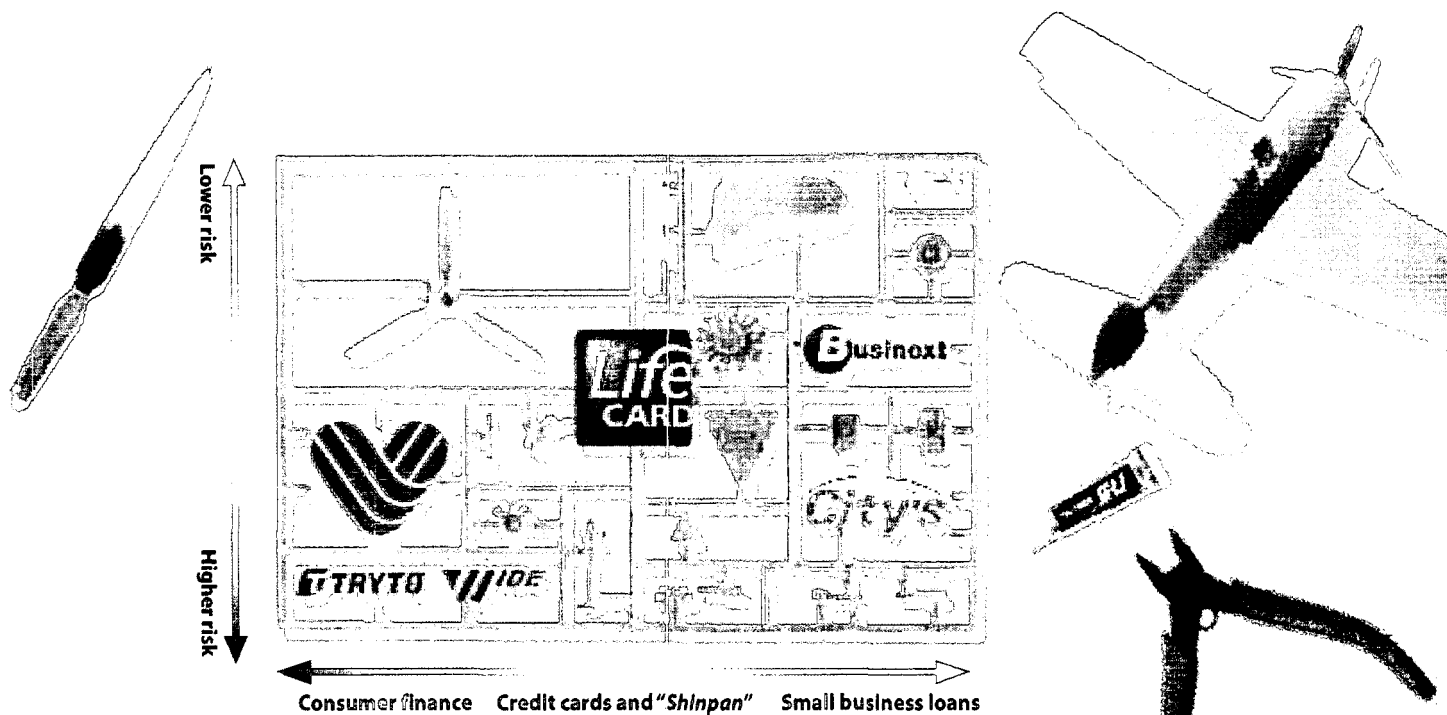
One AIFUL Group strategy is to diversify the customer base by using loose alliances with financial institutions. Illustrating this is the recent alliance with THE HIGASHI-NIPPON BANK, LIMITED to issue the Bank Alliance Card. For small business loans, the operations of BUSINEXT, a joint venture with Sumitomo Trust & Banking, demonstrated that small business owners place much importance on a brand, when selecting a lender. Partnering with this bank, and benefiting from its respected name, thus played a big part in the growth of BUSINEXT. Furthermore, BUSINEXT has developed a small business scoring system that no other financial institution can match. To maximize the benefits of this unprecedented technology, AIFUL plans to enlarge its business portfolio even faster. Plans call for quickly increasing the volume of small business loans through actions that may include the acquisition of a bank if the opportunity arises. AIFUL Group now has complete freedom in selecting business sectors for growth. Making this possible is constant innovation in product development and risk management based on the steadfast execution of the comprehensive financial services strategy. Due to this process, the AIFUL Group has advanced skills in consumer loans, credit cards, small business loans and home equity loans. The group thus has an invaluable edge over competitors as realignments and intense competition continue to define the financial services sector.

# ASSEMBLING THE VISION

This diagram demonstrates how the AIFUL Group has diversified its exposure to risk and business domains. Each group company is positioned relative to credit risk and the business category where it is active.

Below is an outline of AIFUL Group companies.

|                                                                                     |                                                                                                                                                                                                           | OPERATING REVENUE (Millions of yen)                                                                   |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|   | <b>AIFUL</b><br>Unsecured loans / Home equity loans /<br>Small business loans (High risk) / Loan guarantees<br>        | <div>334,977</div> <div>04</div> <div>340,615</div> <div>05</div> <div>349,578</div> <div>06(E)</div> |
|  | <b>LIFE</b><br>Credit card shopping / Shopping loans /<br>Unsecured loans / Loan guarantees /<br>Home equity loans<br> | <div>111,575</div> <div>04</div> <div>121,972</div> <div>05</div> <div>133,600</div> <div>06(E)</div> |
|  | <b>BUSINEXT</b><br>Small business loans (Middle risk) /<br>Home equity loans<br>                                       | <div>3,014</div> <div>04</div> <div>5,445</div> <div>05</div> <div>8,597</div> <div>06(E)</div>       |
|  | <b>City's</b><br>Small business loans (High risk) /<br>Home equity loans<br>                                           | <div>7,414</div> <div>04</div> <div>9,579</div> <div>05</div> <div>12,714</div> <div>06(E)</div>      |
|  | <b>TRYTO</b><br>Unsecured loans (High risk) /<br>Home equity loans<br>                                                 | <div>15,663</div> <div>04</div> <div>14,539</div> <div>05</div> <div>16,241</div> <div>06(E)</div>    |
|  | <b>Wide</b><br>Unsecured loans (High risk)<br>                                                                         | <div>—</div> <div>04</div> <div>23,312</div> <div>05</div> <div>25,576</div> <div>06(E)</div>         |



Please refer to the management's discussion and analysis section that begins on page 31 for information on operating results by loan category.

## OVERVIEW

## SHARE OF RECEIVABLES (As of March 31, 2005)

## PAGE

Serves a broad range of customer needs mainly through the provision of unsecured loans. Also extends home equity loans and small business loans. As of March 31, 2005, receivables totaled ¥1,471,767 million, 1.4% higher than one year earlier. Receivables are rising steadily due to a strategy of diversifying the product lineup.



60.1%

» P.14

Established in 1952 as a consumer credit and credit card company, LIFE became a subsidiary of AIFUL in March 2001. Main businesses are credit cards and shopping loans. Receivables were up 7.0% year on year to ¥751,553 million as of March 31, 2005. The number of active accounts increased 8.0% to 11.91 million.



29.8%

» P.17

A company owned by AIFUL and Sumitomo Trust & Banking, BUSINEXT began operations in January 2001. Extends small business loans primarily to borrowers in the moderate-risk category within the 18% interest rate limit imposed by the Interest Rate Restriction Law. Receivables were up 72.6% during the past fiscal year to ¥47,622 million as of March 31, 2005, mainly a reflection of the development of a scoring system for small business loans requiring no collateral or guarantees.



1.9%

» P.20

This small business loan company became an AIFUL subsidiary in October 2002. Loans are extended within the 29.2% interest rate limit imposed by the Capital Subscription Law. Has recently expanded operations to the Tohoku and Hokkaido regions, raising the number of offices by 12 during the past fiscal year to 50 as of March 31, 2005. Receivables increased 46.3% to ¥45,673 million.



1.8%

» P.22

A consumer finance company formed in April 2004 through the integration of AIFUL subsidiaries Happy Credit, Sinwa and Sanyo Shinpan. At the end of March 31, 2005, receivables totaled ¥58,121 million. TRYTO aims to increase earnings by taking advantage of the larger, more efficient operating base created by the integration of the three companies.



2.3%

» P.24

A medium-sized consumer finance company acquired by AIFUL in June 2004. Including ¥17,000 million of receivables that have been securitized and sold, receivables totaled ¥95,345 million as of March 31, 2005. Pursuing further improvements in operating efficiency and sales activities by leveraging expertise of the AIFUL Group.

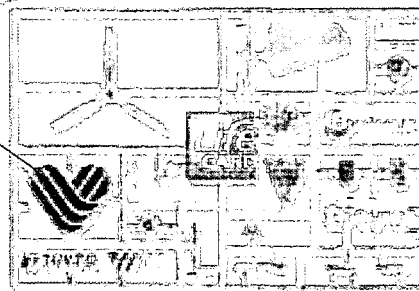
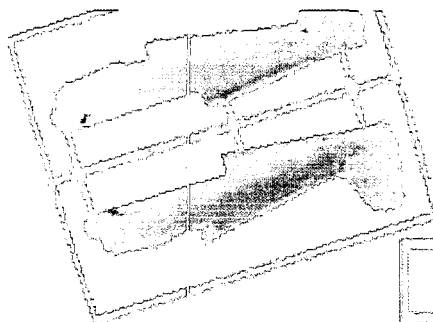


3.8%

» P.25



**AIFUL CORPORATION**



## PRODUCT DIVERSIFICATION STRATEGY

### Advantages of the Product Diversification Strategy

Product diversification is a pillar of AIFUL's management strategy. AIFUL is the only major consumer finance company committed to offering a diverse line of products, extending from mainstay unsecured consumer loans to home equity loans and small business loans. Currently, unsecured consumer loans account for more than 70% of receivables at AIFUL. As all other consumer finance companies have seen their receivables decline, AIFUL has consistently increased its receivables by increasing sales of home equity loans and small business loans.

### This product diversification strategy has three central objectives.

The first is to consistently deliver stable earnings growth as the consumer loan market matures by offering products not available from competitors. Second is greater cost efficiency. Offering a number of products at the same office using the same employees raises sales efficiency. Third is diversification of business risk. Having a variety of products with different risk-return profiles—such as in terms of customer characteristics, average balances and loan rates—allows AIFUL to avoid the risks associated with a loan portfolio that is excessively concentrated on a specific customer segment. For example, while the core customer base of consumer loans consists of young adults, home equity loan customers are primarily middle-aged and older adults.

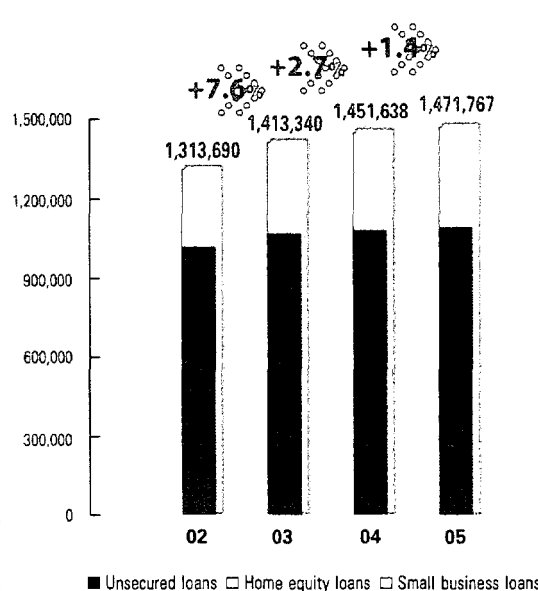
In the year ended March 2005, AIFUL had record-setting revenue and earnings as the product diversification strategy raised receivables 1.4% to ¥1,471,767 million. Operating revenue increased 1.7% to ¥340,615 million and ordinary income rose 13.7% to ¥112,533 million. This performance demonstrates the success of AIFUL's strategy of diversifying its product selection.

## THE RAPID GROWTH OF BANK LOAN GUARANTEES

Large consumer finance companies have been increasing alliances with banks and other financial institutions to extend guarantees of consumer loans and small business loans. This stance is one facet of initiatives to establish more channels that can build ties with new customers. Banks and other alliance partners use their own brands to sell loans to customers. Consumer finance companies perform credit investigations and guarantee loans that they approve. These companies are quickly enlarging this business as a means of establishing relationships with new customers. Consumer loan applications are examined using each company's scoring system. Competition is intense among companies that have their own unsecured loan scoring models. Based on actual data, the loan customers of banks and other alliance partners

### AIFUL LOANS OUTSTANDING

(Millions of yen)



overlap with AIFUL's customer base by only about 10%. This shows that guarantees are highly effective at creating inroads to new customers. Due to rapid expansion of AIFUL's consumer loan guarantees business, there were guarantee alliances with 41 financial institutions as of March 31, 2005 and loans guaranteed totaled ¥35,267 million, a year-on-year increase of 35.9%.

In the small business loan category, AIFUL has established a scoring system by using knowledge gained through the operation of BUSINEXT, which is owned jointly with Sumitomo Trust & Banking, and City's. Backed by expertise that no competitor can match, AIFUL is rapidly increasing the number of alliances to take full advantage of its position at the forefront of the small business loan guarantees market. During the year ended March 2005, new alliances were formed with 25 financial institutions, raising the total to 32 at March 31, 2005. More significantly, the volume of small business loans guaranteed rose almost fivefold during the fiscal year to ¥7,912 million.

#### CREDIT COSTS BEGIN TO DECLINE

After increasing steadily for many years, the volume of credit costs in the year ended March 2005 finally turned downward. All major consumer finance companies saw double-digit declines in their credit costs. These events appear to confirm that the long-term rise in credit costs has ended. AIFUL believes this is due to three factors.

First is the decline in predatory lenders. According to a survey of personal bankruptcies by the Federation of Moneylenders Association of Japan, about 50% of bankrupt individuals were victims of predatory lending. In response to this serious social problem, the Moneylending Business Restriction Law came into force in January 2004. Police clamped down on predatory lending, backed by harsher penalties for unregistered companies and bans on advertising and solicitations by unregistered companies. The result was a swift decline in the number of victims of predatory lenders.

The second factor is the reluctance of finance companies to extend loans. In 2000 and 2001, Japan's four major consumer finance companies were allowed to resume advertising on television. Commercials succeeded in attracting a large number of new customers and boosting loans outstanding. But taking on so much risk over a short time inevitably leads to higher credit costs after a certain period of time. As its receivables increased during this period, AIFUL took many steps over about two and a half years starting in late 2002 that were aimed at limiting credit costs. For example, lending criteria were tightened and the acceptance ratio (the number of loans extended as a proportion of total loan applications) was lowered from 75% to about 65%.

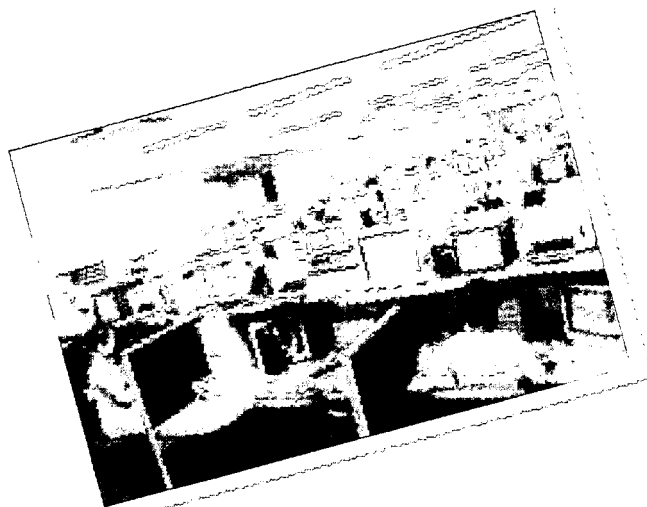
The third factor behind the decline in credit costs is Japan's strengthening economy, which has produced an improvement in employment conditions. The ratio of job openings to job seekers is rising and the unemployment rate is falling. Because of these trends, personal bankruptcies in 2004 fell 12.8% to 211,000, the first year-on-year decline since 1994.

The collective result of these three factors was a big fall in credit costs in the past fiscal year.

#### BUILDING RELATIONSHIPS WITH NEW CUSTOMERS

AIFUL continues to face difficult market conditions for attracting new customers. The fastest growth in new customers at large consumer finance companies occurred during Japan's asset-bubble period of the late 1980s. Concerns about the future faded away as individuals saw their incomes climb. People thus had no worries about repaying loans. Compared with this period, the number of loan applications from new customers is currently down by about 17%. In terms of loans extended, the number of new customers is now 35% lower.

Shifts in consumers' thinking are partly responsible for the 17% decline in loan applications. The public hears frequent reports about Japan's lackluster economy, predatory lenders and other problems. Fortunately, consumer mindsets appear to be improving. There are structural factors, too. The downturn reflects the emergence of competitors from other industries and the decline in Japan's population of young adults. But why are loan approvals down by about twice as much as applications? Tighter loan approval standards at all companies are a major cause. Now that credit costs have passed their peak, though, these companies are switching to more aggressive postures. Indications thus point to a recovery in the number of new accounts.



## INITIATIVES IN THE CURRENT FISCAL YEAR

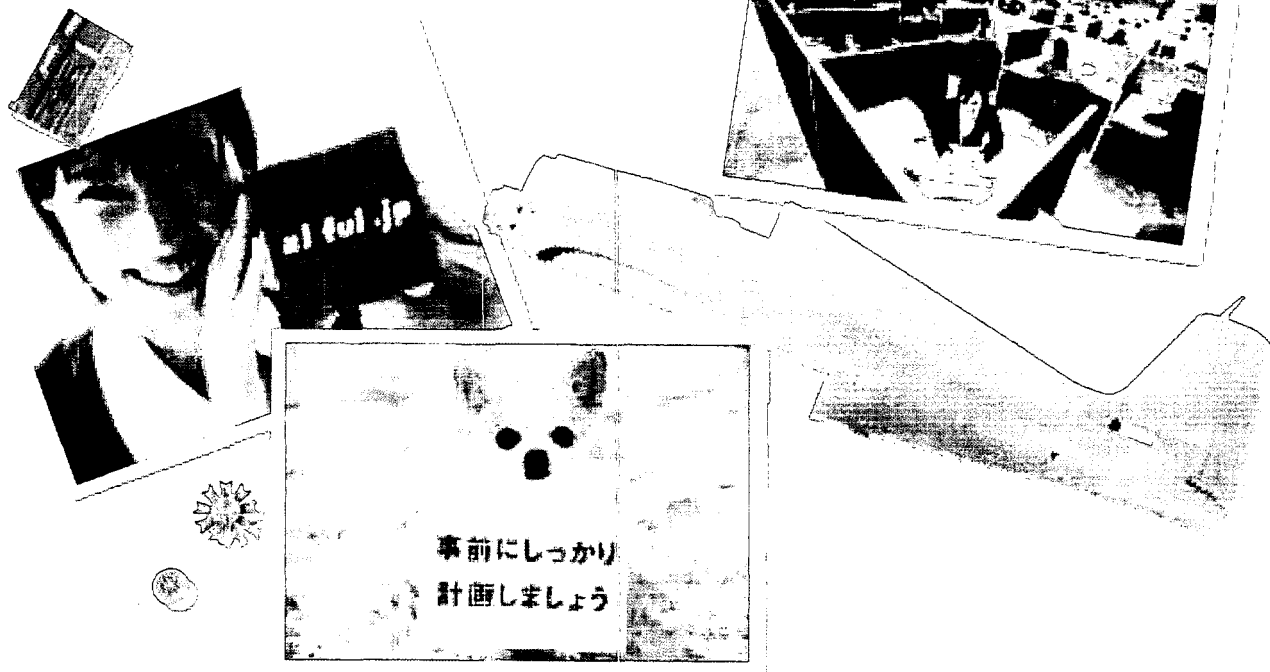
AIFUL has seen the number of new customers decline in each of the past three years. A rebound in new customers is expected in the current fiscal year. Driving growth will be Japan's gradual economic recovery and the ability to serve more customer segments due to diversification in the kinds of companies offering consumer loans. AIFUL is increasing its actions to attract new customers in order to benefit from this upturn in demand.

The first action is raising advertising and marketing expenditures by about ¥3.0 billion compared with the previous fiscal year. The public will see more AIFUL television commercials and a large number of Internet banner ads. The second action is increasing the number of "Suguwaza" simple auto contract machines. Speed is the main advantage. These machines meet customers' needs by reaching a decision on a loan application in only about 10 minutes and issue loan cards. AIFUL initially planned to open 50 booths with these machines during the year ending in March 2006. Results from the first locations have shown these booths to be more cost-efficient than conventional unmanned branches. Furthermore, the machines demonstrated their ability to fulfill specific customer needs. Based on these results, AIFUL decided at the end of June 2005 to open 250 "Suguwaza" booths during the current fiscal year, five times more than originally planned.

Members of Japan's consumer finance industry are facing a much different operating environment even compared with a few years ago. Competition is more heated. Companies from the IT and other industries are offering consumer loans. Interest rates are being used to capture market share. On a positive note, credit costs are finally declining. By prioritizing actions to cope with these events, AIFUL believes that the stable growth in its receivables will continue.

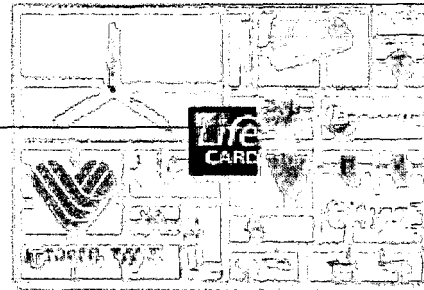
## PLAN FOR YEAR ENDING MARCH 2006

|                   |                    |         |
|-------------------|--------------------|---------|
| Receivables       | ¥1,523,860 million | UP 3.5% |
| Operating revenue | ¥349,578 million   | UP 2.6% |
| Ordinary income   | ¥121,000 million   | UP 7.5% |





**LIFE Co., Ltd.**



### LIFE GIVES AIFUL PRESENCE IN THE CREDIT CARD MARKET

Credit card company LIFE became a wholly owned subsidiary of AIFUL in March 2001, giving AIFUL a presence in the consumer credit and credit card business, a field with considerable growth potential. Established in 1952, LIFE developed into one of Japan's major *shinpan* companies. However, a sharp drop in revenue and earnings due to weak consumer spending in the aftermath of Japan's asset bubble and concerns among lenders about LIFE's financial stability forced this company to file for bankruptcy in June 2000. AIFUL was selected as the sponsor of this company in October 2000. Following the completion of payments to all debt holders in March 2001, LIFE became a wholly owned subsidiary of AIFUL, which had until then been devoted exclusively to consumer finance. With LIFE, AIFUL also became a source of shopping credit and cash advances through credit cards as well as a provider of shopping loans. This acquisition took the AIFUL Group much closer to its goal of becoming a source of comprehensive financial services.

When LIFE joined the AIFUL Group, it had a relatively low-margin business portfolio, as was the case at most other *shinpan* companies in Japan. Therefore, one element of LIFE's revitalization plan was to terminate the unprofitable auto loan and housing loan businesses while strengthening the credit card business. By restructuring the business portfolio to focus on highly profitable activities, LIFE dramatically improved its profitability. This process continues with the goal of firmly positioning LIFE as a *shinpan* company that excels in terms of profitability and growth.

In the March 2002 fiscal year, LIFE's first as an AIFUL Group member, the company had ordinary income of ¥2.4 billion. The next year, ordinary income rose to an all-time high of ¥8.0 billion and then ¥12.0 billion. In the fiscal year that ended in March 2005, ordinary income rose to ¥16.5 billion, making a big contribution to growth in consolidated earnings. LIFE has thus completed a transformation into a highly profitable company that has performed much better than peers such as Nicos and Orico.

### COMPARISON OF JAPAN'S MAJOR FOUR SHINPAN COMPANIES

(Millions of yen)

|                                             | LIFE    |         | Nicos     |           | Orico     |           | JACCS     |           |
|---------------------------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                             | 2004    | 2005    | 2004      | 2005      | 2004      | 2005      | 2004      | 2005      |
| Cardholders (thousand)                      | 11,032  | 11,916  | 12,348    | 12,345    | 10,231    | 10,515    | 6,770     | 7,009     |
| Total receivables outstanding* <sup>1</sup> | 762,202 | 751,553 | 3,693,317 | 3,369,233 | 4,135,358 | 4,134,085 | 2,613,135 | 2,638,030 |
| Installment receivables                     | 256,773 | 285,867 | 519,378   | 466,065   | 1,283,058 | 1,169,931 | 606,470   | 639,914   |
| Loans (cash advances)                       | 339,137 | 367,459 | 983,319   | 910,736   | 911,631   | 957,764   | 364,377   | 346,603   |
| Guarantees                                  | 106,290 | 98,226  | 2,190,619 | 1,992,432 | 1,940,669 | 2,006,390 | 1,642,288 | 1,651,513 |
| Operating revenue                           | 113,738 | 123,881 | 263,406   | 253,521   | 296,053   | 305,240   | 145,065   | 144,267   |
| Operating revenue margin* <sup>2</sup>      | 16.4%   | 16.9%   | 7.1%      | 7.5%      | 7.2%      | 7.4%      | 5.5%      | 5.5%      |
| Ordinary income                             | 12,081  | 16,524  | 12,051    | 32,774    | 30,906    | 39,457    | 11,312    | 13,286    |

\*1. Includes off-balance-sheet receivables that have been securitized and sold (estimates based on earnings releases of each company).

\*2. Operating revenue divided by receivables

## MAJOR SOURCES OF GROWTH

### Credit Card Business

The primary reason for the strong earnings growth at LIFE is the company's ability to consistently expand its credit card and shopping loan businesses faster than the market as a whole.

In the core credit card business, the number of cardholders has grown from 7.48 million when AIFUL acquired LIFE to 11.91 million in March 2005, just four years later. LIFE has passed major *shinpan* companies JACCS and Orico to become Japan's second-largest credit card issuer after Nicos. Much of this growth was propelled by affinity cards, which account for about 90% of all credit cards issued by LIFE. These cards offer advantages for cardholders, card issuing partners and LIFE. By making qualifying purchases, cardholders accumulate points that can be used like cash to receive merchandise and other benefits. Retailers benefit by using the point system to build a base of loyal shoppers. The card also makes it easier to sell high-priced merchandise, thus raising sales. For LIFE, affinity cards increase credit card charge volume, leading to higher transaction fees as well as interest income when cardholders purchase on credit.

Two components are vital to the success of affinity cards. One is the establishment of agreements with retailers that serve a large number of customers. The other is the provision of a point system that is highly appealing to customers. LIFE issues cards with a number of major retailers. Among them are apparel retailer Aoyama Capital, consumer electronics retailers EIDEN and DEODEO, and home improvement center operator KOMERI. Together, large retailers account for about 80% of the credit cards that LIFE issues each year to new customers. These relationships are instrumental to LIFE's ability to issue more than 2 million cards every year.

The number of LIFE Proper Cards, issued by LIFE only, increased 7.8% during the past fiscal year to 207,000. Adding member stores and allowing individuals to use the Internet to submit applications backed this growth. Also contributing is a new visual identity campaign that began in April 2004.

Card shopping transactions have grown along with the number of cardholders. During the four-year period ended March 2005, these transactions increased at an average annual rate of more than 15%, rising from ¥233.5 billion to ¥378.1 billion. This outstripped the market growth rate of about 6% per annum.

| A BUSINESS PORTFOLIO FOCUSED ON GROWTH   |                |                |             |                |             |
|------------------------------------------|----------------|----------------|-------------|----------------|-------------|
|                                          | 2004           |                | 2005        |                | 2006(E)     |
|                                          |                |                | % of change |                | % of change |
| <b>Total</b>                             | <b>702,202</b> | <b>751,553</b> | <b>+7%</b>  | <b>799,581</b> | <b>+6%</b>  |
| <b>Growing businesses</b>                | <b>603,022</b> | <b>667,723</b> | <b>+11%</b> | <b>725,167</b> | <b>+9%</b>  |
| Credit card shopping                     | <b>71,508</b>  | <b>79,622</b>  | <b>+11%</b> | <b>83,518</b>  | <b>+5%</b>  |
| Shopping loans                           | <b>173,560</b> | <b>197,123</b> | <b>+14%</b> | <b>211,796</b> | <b>+7%</b>  |
| Credit card cash advances                | <b>202,819</b> | <b>209,300</b> | <b>+3%</b>  | <b>224,772</b> | <b>+7%</b>  |
| Cash Plaza (unsecured loans)             | <b>135,543</b> | <b>157,630</b> | <b>+16%</b> | <b>176,744</b> | <b>+12%</b> |
| Bank loan guarantees (new products)      | <b>19,590</b>  | <b>24,046</b>  | <b>+23%</b> | <b>28,336</b>  | <b>+18%</b> |
| <b>Downsizing businesses</b>             | <b>93,179</b>  | <b>83,830</b>  | <b>-15%</b> | <b>74,414</b>  | <b>-11%</b> |
| Partners                                 | <b>2,504</b>   | <b>1,194</b>   | <b>-52%</b> | <b>655</b>     | <b>-45%</b> |
| Housing loans                            | <b>35,866</b>  | <b>31,726</b>  | <b>-12%</b> | <b>28,074</b>  | <b>-12%</b> |
| Bank loan guarantees (previous products) | <b>48,329</b>  | <b>41,253</b>  | <b>-15%</b> | <b>36,399</b>  | <b>-12%</b> |
| Others                                   | <b>12,479</b>  | <b>9,650</b>   | <b>-23%</b> | <b>9,284</b>   | <b>-4%</b>  |
| <b>Growing businesses</b>                | <b>86%</b>     | <b>89%</b>     | <b>-</b>    | <b>91%</b>     | <b>-</b>    |
| <b>Downsizing businesses</b>             | <b>14%</b>     | <b>11%</b>     | <b>-</b>    | <b>9%</b>      | <b>-</b>    |

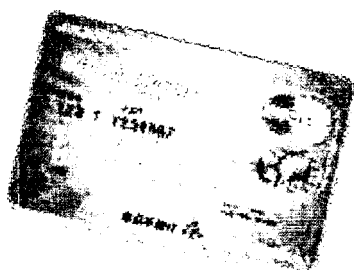
## Shopping Loans

The shopping loan market has contracted for seven consecutive years. At the end of December 2003, shopping loan receivables totaled ¥11 trillion according to data provided by the Japan Consumer Credit Industry Association. Many companies are withdrawing from this market. One reason is the widespread use of credit cards. Another is consumer credit company strategies that prioritize credit cards. LIFE, however, believes there is still growth potential because of its small market share. Following its acquisition by AIFUL, LIFE revised and cancelled low-margin and unprofitable shopping loan agreements. Based on a policy of avoiding dumping, LIFE adopted a system of revising credit lines at member stores in accordance with their sales formats and credit quality. This created a framework that raised interest rates. In addition to raising the volume of receivables, this framework enables LIFE to hedge risks associated with shopping loans. Although LIFE continues to shift resources to its credit card business, it is targeting shopping loans by using an efficient sales organization already in place. Businesses where prospects for higher yields are poor, such as auto loans and housing loans, are being shut down. At the same time, LIFE is expanding along with higher transaction volume and quality receivables supported by growth in member stores. Consequently, total receivables increased 11.3% in the past fiscal year, and the yield improved by 0.3 of a percentage point to 9.5%.

## TAKING THE LIFE CARD IN A NEW DIRECTION

### Bank Alliance Card

Setting the stage for a new means of growth, LIFE formed a credit card alliance in December 2004 with THE HIGASHI-NIPPON BANK, LIMITED. In July 2005, the Bank Alliance Card was unveiled. This card functions as a bank cash card and a LIFE credit card complete with the ability to take out cash advances, thereby offering greater convenience for customers. LIFE expects that this alliance will help increase its cardholder base by providing a channel to reach new types of cardholders.



## DEDICATED TO SUSTAINING GROWTH

By further raising emphasis on the credit card business, LIFE plans to issue 2.18 million new cards during the year ending in March 2006, raising the number of cardholders to 12.8 million. Based on this growth, LIFE expects to raise credit card receivables by 6.4% and the balance of credit card cash advances by 7.4% (both managed assets basis).

LIFE plans to take many actions to build on its immense base of affinity card agreements with prominent companies. To establish a foundation for even more growth, more card alliances with financial institutions are planned, such as for bank alliance cards. LIFE is also considering the start of a corporate credit card business. Through steps like these, LIFE believes it can raise the number of cardholders from the present 11.91 million to 20 million. An infrastructure is already in place that produces more than 2 million new cards every year. By pursuing economies of scale as the cardholder base expands, LIFE is confident that credit card business growth will translate directly into higher earnings.

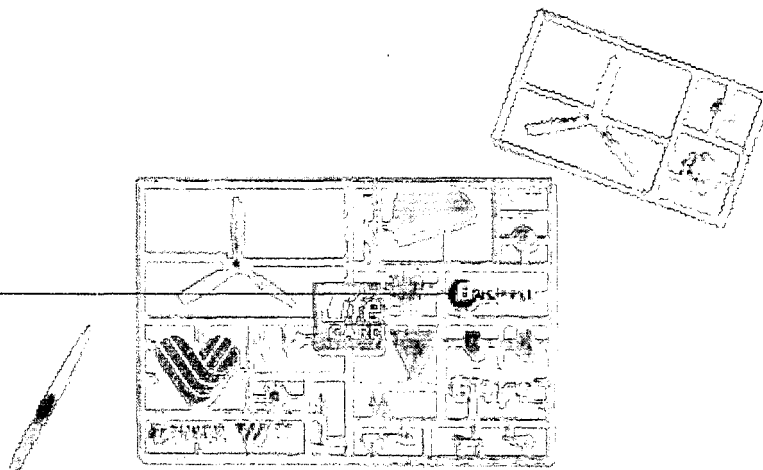
### PLAN FOR YEAR ENDING MARCH 2006

(managed assets basis)

|                   |                  |          |
|-------------------|------------------|----------|
| Receivables       | ¥799,581 million | UP 6.4%  |
| Operating revenue | ¥135,458 million | UP 9.3%  |
| Ordinary income   | ¥21,000 million  | UP 27.1% |



**BUSINEXT CORPORATION**



### MODERATE-RISK SMALL BUSINESS LOAN MARKET

Established in January 2001, BUSINEXT provides mainly small business loans to moderate-risk borrowers at interest rates of no more than 18% as prescribed by the Interest Rate Restriction Law. AIFUL holds 60% of the company's equity and Sumitomo Trust & Banking owns the remaining 40%.

BUSINEXT's loan business targets the approximately 5.6 million companies in Japan with no more than 20 employees. In the past, these companies had three primary financing options: loans with high interest rates structured for high-risk borrowers; loans from financial institutions secured by real estate or other collateral; and loans from family and friends.

Recently, there has been growing interest among banks of all types and sizes in moderate-risk small business loans. However, since corporate loans by banks are typically more than ¥10 million, bank loans are restricted to middle-market companies. Furthermore, banks adopt the basic stance of limiting credit risk when extending credit to small businesses. That forces small business owners to meet demanding conditions, such as consistent profitability. For these reasons, the actual supply of loans from financial institutions is inadequate to meet the enormous demand for loans that still exists among small businesses. Furthermore, competition in the moderate-risk business loan market is minimal. Another reason for the appeal of this market is structural economic changes that are expected as Japan's economy recovers. AIFUL therefore believes that the moderate-risk business loan market has much growth potential.

### BUSINEXT'S COMPETITIVE EDGE

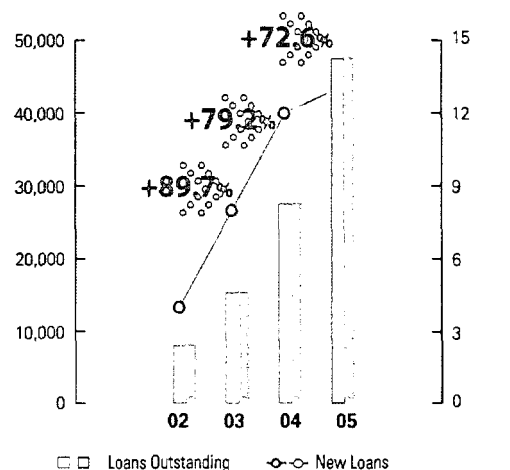
Speed is a key factor distinguishing the loans of BUSINEXT. The Card Loan is often extended on the same day as the application; the Business Loan, which is for working capital or bridging finance, can be approved in less than three days. These loans combine the sense of security offered by the Sumitomo Trust & Banking name while simplifying the loan process. BUSINEXT thus breaks the commonly held perception of banks as lenders that require extensive documentation and long periods of time for credit investigations.

Clearly setting BUSINEXT apart from other specialists in small business loans is its reliance on direct mail rather than face-to-face sales activities. This allows BUSINEXT to use a network of only four offices in which each employee manages about 600 customer accounts. This highly efficient, low-cost structure is a key reason that BUSINEXT can meet customers' needs for loans that have reasonable interest rates.

### BUSINEXT LOANS OUTSTANDING

(Millions of yen)

(Thousands)



### BUSINEXT REPORTS ITS FIRST PROFIT

In April 2004, BUSINEXT started using two scoring models: one for sole proprietorships and one for companies. Both models are based on the company's three years of data in extending credit to these borrowers. This gives BUSINEXT a unique business model for loans that require no collateral or guarantees. With these scoring models, the company was able to post remarkable growth. Receivables increased 72.6% to ¥47,622 million during the past fiscal year while extending 13,000 new loans, 6.8% more than one year earlier. Despite this growth, charge-offs were held to less than 4% of all receivables.

Higher receivables were responsible for an 80.6% increase in operating revenue to ¥5,445 million. Earnings benefited from the growth in revenue as well as measures to use BUSINEXT's low-cost operating structure to operate even more efficiently. Consequently, ordinary income was ¥633 million and net income was ¥601 million, the first profits in BUSINEXT's history.

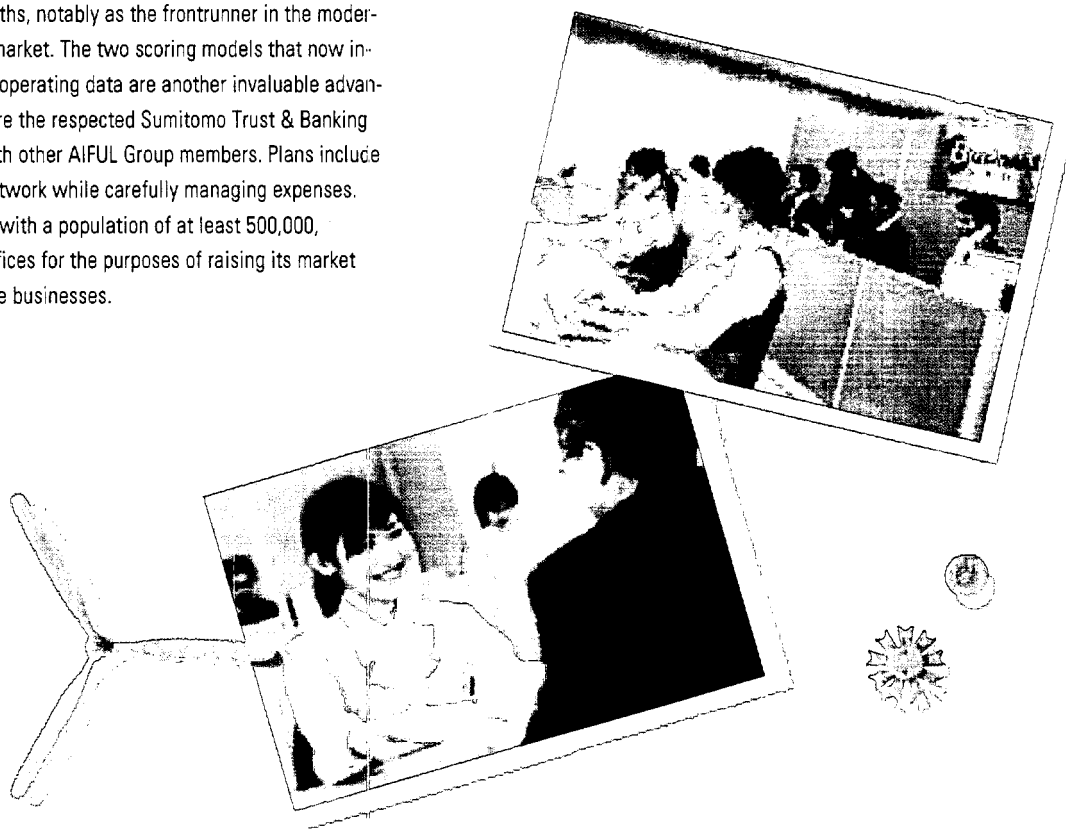
### LOOKING AHEAD TO STILL MORE GROWTH

BUSINEXT will continue to aim for strong growth in its receivables by tapping its many strengths, notably as the frontrunner in the moderate-risk business loan market. The two scoring models that now incorporate four years of operating data are another invaluable advantage. Other strengths are the respected Sumitomo Trust & Banking name and synergies with other AIFUL Group members. Plans include expanding the office network while carefully managing expenses. Targeting mainly cities with a population of at least 500,000, BUSINEXT will open offices for the purposes of raising its market profile and serving more businesses.

In the fiscal year ending in March 2006, BUSINEXT expects greater demand for funds among small companies because of Japan's rebounding economy. One indication of this upturn is the current sharp decline in corporate bankruptcies. BUSINEXT thus expects rapid growth to continue. The company plans to raise receivables 46.0% to ¥69,516 million, operating revenue 56.4% to ¥8,517 million and ordinary income 116.7% to ¥1,372 million.

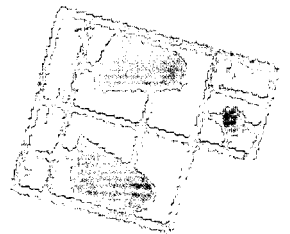
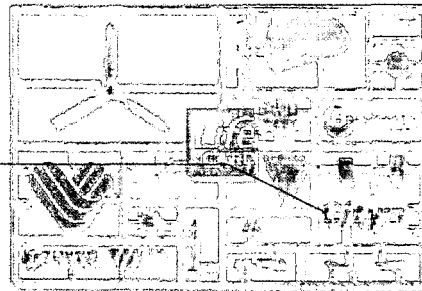
#### PLAN FOR YEAR ENDING MARCH 2006

|                   |                 |           |
|-------------------|-----------------|-----------|
| Receivables       | ¥69,516 million | UP 46.0%  |
| Operating revenue | ¥8,517 million  | UP 56.4%  |
| Ordinary income   | ¥1,372 million  | UP 116.7% |





**City's Corporation**



#### THE HIGH-RISK SMALL BUSINESS LOAN MARKET

City's was acquired by AIFUL in October 2002. This company specializes in loans to sole proprietorships and small and medium-sized businesses in the high-risk category. Loans are extended within the 29.2% interest rate limit imposed by the Capital Subscription Law.

In the field of loans for high-risk sole proprietorships and small and medium-sized businesses, outstanding loans fell sharply about six years ago at major lenders like LOPRO Corporation and SFCG Co., Ltd. in the wake of mass media reports of abusive lending practices in this sector of the loan business. Despite the subsequent public outrage triggered by these practices, high-risk business loans have been increasing steadily, except at the two major lenders (see table below). This is proof of the solid demand for loans among sole proprietorships and small and medium-sized businesses. However, there is still an inadequate number of companies willing to make loans to these high-risk

borrowers because of the inability of banks and many other financial institutions to serve this borrower segment. Consequently, this is a market that has substantial growth potential while being largely immune to excessive competition. City's is therefore taking aggressive measures to expand its operations while conducting a suitable risk management program.

#### THE DEFINING CHARACTERISTICS OF CITY'S

City's has a business model that facilitates the provision of loans that meet specific requirements of small and medium-sized companies unable to obtain satisfactory financing from other sources due to credit risk and other issues. The main product offered by City's is the Business Loan, which accounts for about 90% of all its loans outstanding. This loan takes advantage of City's outstanding know-how in the investigation of guarantors. Due to this expertise, the ratio of bad debt

#### THE SME LOAN MARKET IN JAPAN \*1

(Millions of yen)

|                          | 2000              | 2001              |             |
|--------------------------|-------------------|-------------------|-------------|
|                          | Loans outstanding | Loans outstanding | % of change |
| SFCG*2                   | 332,610           | 295,997           | -11.0%      |
| LOPRO                    | 322,214           | 246,922           | -23.4%      |
| Other SME loan companies | 273,065           | 277,773           | 1.7%        |
| Total                    | 927,889           | 820,692           | -11.6%      |

\*1 Figures are based on data provided in financial releases of these companies.

\*2 Loans for SFCG are as of January 31 because this company ends its fiscal year on July 31.

(Millions of yen)

| 2004              |             | 2005              |             |
|-------------------|-------------|-------------------|-------------|
| Loans outstanding | % of change | Loans outstanding | % of change |
| 353,031           | 7.8%        | 378,654           | 7.3%        |
| 96,830            | -46.7%      | 102,805           | 6.2%        |
| 326,381           | 10.2%       | 379,051           | 16.1%       |
| 776,242           | -3.6%       | 859,550           | 10.9%       |

#### GROWTH IN SMALL BUSINESS LOANS AT THE AIFUL GROUP

(Millions of yen)

|          | 2003              |             | 2004              |             | 2005              |             | 2006(E)           |             |
|----------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
|          | Loans outstanding | % of change | Loans outstanding | % of change | Loans outstanding | % of change | Loans outstanding | % of change |
| BUSINEXT | 15,397            | 89.7%       | 27,591            | 79.2%       | 47,622            | 72.6%       | 69,516            | 46.0%       |
| City's   | 29,176            | —           | 31,214            | 7.0%        | 45,673            | 45.3%       | 70,039            | 53.3%       |

charge-offs for Business Loan receivables is consistently under 2%. In addition, City's has used AIFUL know-how to establish a system for selling to sole proprietorships and companies the home equity loan. This product is currently about 7% of total loans at City's. This company is taking many other actions as well to meet an even broader spectrum of funding needs among its customers. Exemplifying this drive is the New Business Loan, which eliminates the need for a guarantor.

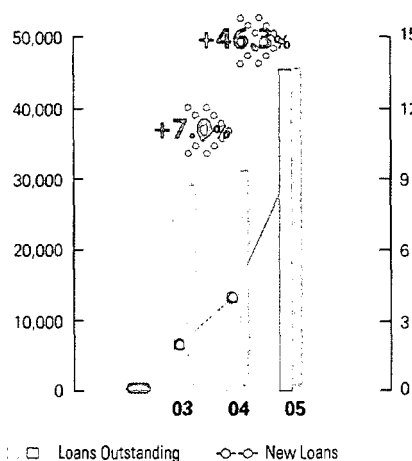
## BUSINESS RESULTS

In the fiscal year that ended in March 2005, the performance of small and medium-sized companies improved as Japan's economic rebound gained momentum, reducing the number of bankruptcies. During the fiscal year, City's opened 13 offices, mostly to establish its first presence in Tohoku and Hokkaido. This raised the company's office network to 50 locations. Growth in the service network sparked rapid growth at City's. The number of new loans rose by 107.7% to 9,000 and receivables surged 46.3% to ¥45,673 million. Due to a large increase in interest income from loans, operating revenue increased 29.2% to ¥9,579 million. However, expenses were much higher because of up-front investments for new offices and other facilities and growth in the workforce. Also contributing to the increase in expenses was a steep drop in the provision for allowance for bad debt in the March 2004 fiscal year due to a one-time factor. The result was a 15.2% decrease in ordinary income to ¥2,585 million, but this was well above the ¥1,811 million in the company's business plan for the fiscal year.

### CITY'S LOANS OUTSTANDING

(Millions of yen)

(Thousands)



## A STRATEGY THAT TARGETS GROWTH

City's is focusing on several elements that will be crucial to its ability to sustain its current robust growth. More offices will be opened to increase access to small and medium-sized companies, a customer segment with substantial demand for loans. Actions will also target improvements in operating efficiency and personnel training to build a more powerful operating base.

Expansion of the office network will continue in all areas of Japan based on City's belief that there is still considerable potential for opening offices in and around Japan's large cities. To raise efficiency, City's is centralizing the handling of customer telephone calls and deepening ties with creditworthy borrowers. To strengthen its workforce, City's is seeking greater synergies with other AIFUL Group companies by sharing know-how, primarily through personnel exchanges with AIFUL and BUSINEXT.

City's, which targets high-risk borrowers, and BUSINEXT, which targets moderate-risk borrowers, can together serve a diverse range of customer segments. For example, customers that do not meet the loan criteria at BUSINEXT have the potential of becoming City's customers. City's and BUSINEXT plan to work even more closely to meet the funding requirements of many types of businesses.

In the fiscal year ending in March 2006, City's plans to increase its service network to 63 locations. This growth is expected to raise new loans by 66.7% to 15,000 and receivables by 53.3% to ¥70,039 million. Based on these figures, City's is forecasting a 53.6% increase in operating revenue to ¥14,714 million and an 18.0% increase in ordinary income to ¥3,050 million. This performance will make a big contribution to growth in consolidated earnings.

### PLAN FOR YEAR ENDING MARCH 2006

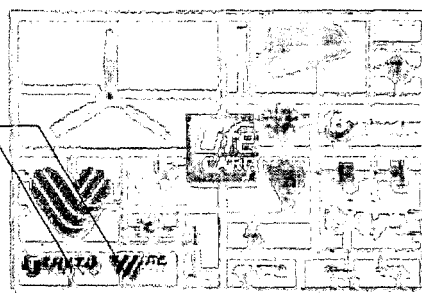
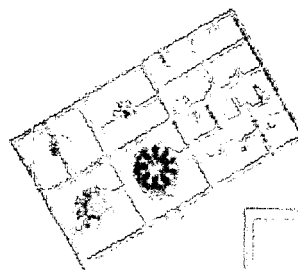
|                   |                 |          |
|-------------------|-----------------|----------|
| Receivables       | ¥70,039 million | UP 53.3% |
| Operating revenue | ¥14,714 million | UP 53.6% |
| Ordinary income   | ¥3,050 million  | UP 18.0% |



**TRYTO CORPORATION**



**Wide Corporation**



### WHY AIFUL ACQUIRES SMALL AND MIDSIZED CONSUMER FINANCE COMPANIES

Acquiring relatively small consumer finance companies offers a number of advantages. Most important is the ability to target more customers by assembling a larger portfolio of brands. The graph below shows the number of new loans at AIFUL and Japan's three other major consumer finance companies. New loans declined at all companies during the four-year period that ended in March 2004. Mainly responsible was a reluctance of consumers to take out loans because of Japan's lack-luster economy. In the fiscal year that ended in March 2005, new loans at the four companies were flat or slightly lower despite signs of an economic rebound. Holding down growth this time is intense competition. *Shinpan* companies, retailer card companies and bank card companies are all expanding their retail operations. Another source of competition is new entrants to the consumer finance industry, such as members of the IT industry.

In response, the AIFUL Group has established a framework capable of generating growth amid this fierce competition. By assembling a large portfolio of brands, including AIFUL, LIFE, Wide, TRYTO, TCM, Passkey and others, the group has achieved a large increase in the number of new loans. As the number of companies offering consumer loans grows, Japan's consumer finance market is expanding as these companies form relationships with more customer segments. The result is an increasingly

diverse customer base for consumer finance companies. These trends make AIFUL confident of generating significant benefits from its strategy of offering services through many brands by acquiring relatively small consumer finance companies.

## TRYTO

### TRYTO CORPORATION

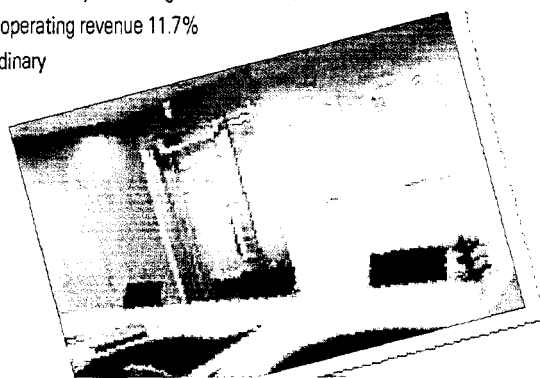
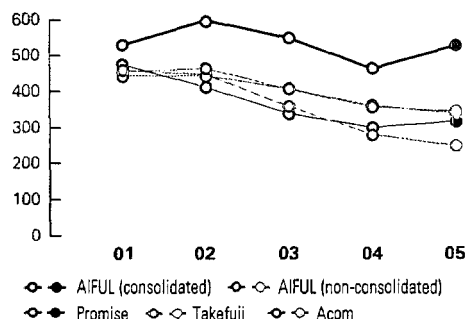
TRYTO CORPORATION, a wholly owned subsidiary, was formed in April 2004 through the integration of three AIFUL consumer finance subsidiaries: Happy Credit, Sinwa and Sanyo Shinpan. Combining these companies created a more efficient operating structure, giving TRYTO the ability to conduct aggressive sales activities.

In the year that ended in March 2005, TRYTO tightened its credit standards in consideration of the current operating environment. Because of this stance, receivables totaled ¥58,121 million and operating revenue was ¥14,539 million, both slightly below the combined results of the three predecessor companies in the prior fiscal year. Ordinary income was ¥2,807 million and net income was ¥1,407 million, both about twice as high as in the prior fiscal year mainly because of a 27.4% decline in credit costs.

In the current fiscal year, TRYTO is taking several actions aimed at raising receivables and earnings. One is using AIFUL's expertise to strengthen sales of loans collateralized by real estate. Another is capturing more synergies with other AIFUL Group companies. Sharing information on prospective customers is one example. Collaboration will also encompass expertise in managing receivables and operating training programs and other personnel systems. In the year ending in March 2006, TRYTO plans to raise operating revenue 11.7% to ¥16,244 million, ordinary income 26.4% to ¥3,548 million and net income 43.9% to ¥2,025 million.

### NEW LOANS AT JAPAN'S MAJOR FOUR CONSUMER FINANCE COMPANIES

(Thousands)



# WIDE

## Wide Corporation

Wide is primarily engaged in the provision of unsecured loans to individuals in the high-risk segment. AIFUL purchased this company in June 2004. A mid-sized consumer finance company operating mainly in eastern Japan, Wide had 33 offices and 260 unmanned offices, a total of 293 locations, at the end of March 2005. There is minimal overlap with the operations of TRYTO, which is active primarily in western Japan, making possible highly productive sales activities.

By joining the AIFUL Group, Wide has gained the ability to use the group's credit standing to procure funds at a lower cost. Operating expenses are lower, too, because of economies of scale through the placement of orders with other group companies. In addition, Wide is using the group's sales expertise to raise its receivables and conduct more efficient sales activities. By using these advantages, Wide expects to generate higher earnings in the coming years.

In the year that ended in March 2005, Wide had receivables of ¥95,345 million at year-end, including ¥17,000 million of off-balance-sheet receivables that were securitized and sold, and operating revenue of ¥23,312 million. Credit costs were higher as it conformed to AIFUL Group standards for bad debt charge-offs and reserves, based on a conservative assessment of receivables. These expenses were offset by lower interest expenses as an AIFUL Group member and improvements in other expense items as operating efficiency was improved. This allowed Wide to report ordinary income of ¥1,692 million, well above the initial plan of ¥1,050 million.

Prior to its acquisition by AIFUL, Wide was unable to make significant investments in TV commercials and other advertising due to limited financial resources. As an AIFUL Group member, Wide is now raising awareness of its brand through TV commercials, the Internet, media that target women and other high-profile activities. Due in part to the benefits of advertising campaigns, Wide expects to raise receivables by 7.7% to ¥102,658 million during the year ending in March 2006 and increase operating revenue by 9.7% to ¥25,578 million. To hold down expenses, the company will continue to use low-cost funding sources. Results will also reflect a decline in credit costs because of the substantial expenses recorded last year to conform to AIFUL Group standards. Accordingly, Wide is forecasting a 325.4% increase in ordinary income to ¥7,197 million. Achieving this goal will enable Wide to play a big part in raising consolidated earnings in the March 2006 fiscal year.

# Others

## TCM. Co. Ltd. and Passkey Co., Ltd.

AIFUL purchased TCM. Co. Ltd., which is active mainly in Nagano Prefecture, in February 2005. This mid-sized consumer finance company became insolvent in February 2004. In April 2004, with the approval of the Tokyo District Court, AIFUL signed a sponsorship contract with the bankruptcy trustee of TCM. Work is now under way to restore TCM to financial health as quickly as possible. At the end of March 2005, TCM had receivables of ¥9,212 million.

Passkey Co., Ltd., which operates in Hokkaido, joined the AIFUL Group in March 2005. Passkey's results are not included in AIFUL's consolidated income statement for the year ended March 2005, but the consolidated balance sheet includes Passkey receivables of ¥8,342 million as of February 28, 2005. Both TCM and Passkey are leading consumer finance brands in their respective markets.

The AIFUL Group is dedicated to sustaining the steady growth in consumer finance business receivables, mainly at AIFUL, while making aggressive investments in other companies when the opportunities emerge in order to increase its market share.

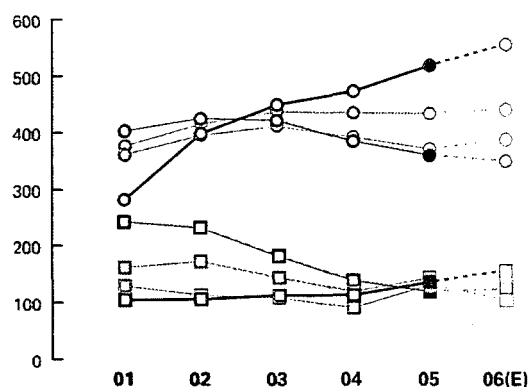


## MARKET DATA

## INDUSTRY COMPARISONS

### CONSOLIDATED OPERATING REVENUE AND ORDINARY INCOME AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES

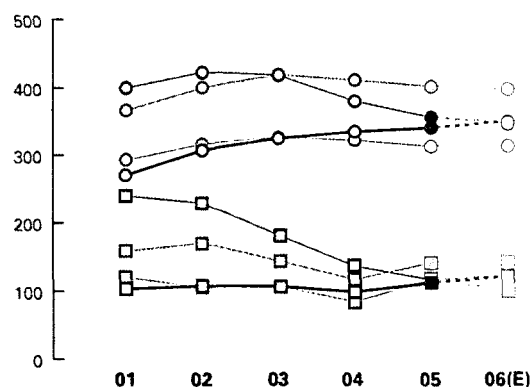
(Billions of yen)



Consolidated Operating Revenue  
 ◆ AIFUL ○ Promise ◆ Takefuji ◇ Acom  
 Consolidated Ordinary Income  
 ■ AIFUL □ Promise ▲ Takefuji ▽ Acom

### NON-CONSOLIDATED OPERATING REVENUE AND ORDINARY INCOME AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES

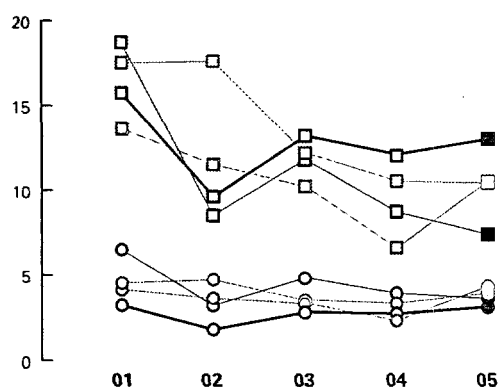
(Billions of yen)



Non-Consolidated Operating Revenue  
 ◆ AIFUL ○ Promise ◆ Takefuji ◇ Acom  
 Non-Consolidated Ordinary Income  
 ■ AIFUL □ Promise ▲ Takefuji ▽ Acom

### CONSOLIDATED ROA AND ROE AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES

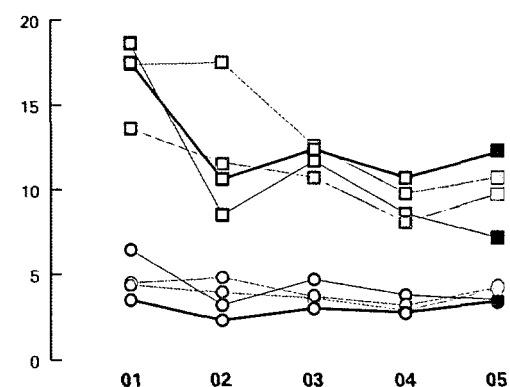
(%)



Consolidated ROA  
 ◆ AIFUL ○ Promise ◆ Takefuji ◇ Acom  
 Consolidated ROE  
 ■ AIFUL □ Promise ▲ Takefuji ▽ Acom

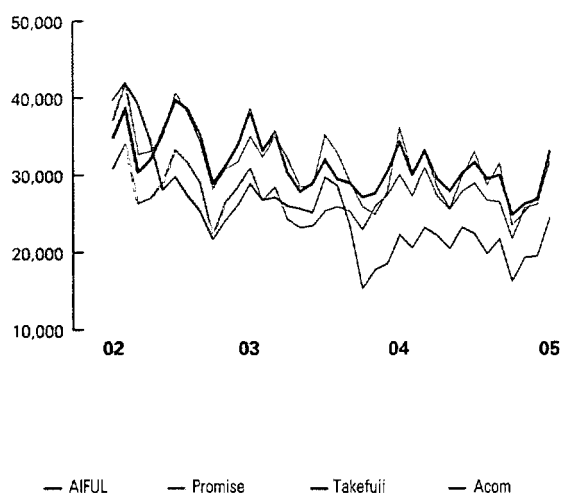
### NON-CONSOLIDATED ROA AND ROE AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES

(%)



Non-Consolidated ROA  
 ◆ AIFUL ○ Promise ◆ Takefuji ◇ Acom  
 Non-Consolidated ROE  
 ■ AIFUL □ Promise ▲ Takefuji ▽ Acom

### NUMBER OF NEW UNSECURED LOANS AT JAPAN'S FOUR MAJOR CONSUMER FINANCE COMPANIES



### NON-CONSOLIDATED LOANS OUTSTANDING OF JAPANESE CONSUMER FINANCE COMPANIES

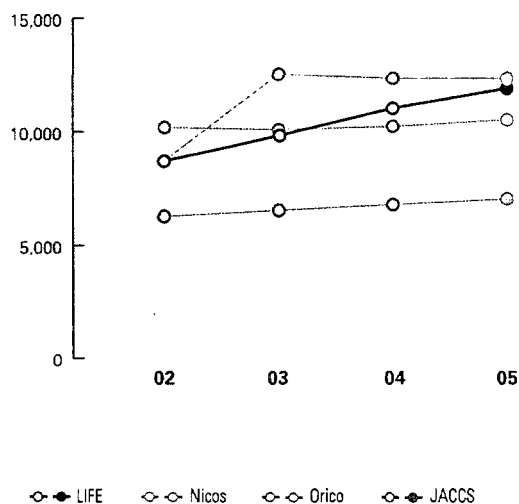
(Millions of yen)

|    | Company             | Loans outstanding |
|----|---------------------|-------------------|
| 1  | Acom                | 1,601,733         |
| 2  | Takefuji            | 1,568,725         |
| 3  | <b>AIFUL</b>        | <b>1,471,767</b>  |
| 4  | Promise             | 1,326,794         |
| 5  | CFJ                 | 1,000,000         |
| 6  | GE Consumer Finance | 880,000           |
| 7  | Sanyo Shinpan       | 419,663           |
| 8  | ORIX Credit         | 300,000           |
| 9  | SHINKI              | 211,828           |
| 10 | Mobit               | 201,282           |
| 16 | Wide                | 95,305            |
| 24 | TRYTO               | 58,121            |
| -  | <b>TCM</b>          | <b>9,212</b>      |
| -  | <b>Passkey</b>      | <b>8,342</b>      |

(Calculated based on data from The Nikkei Financial Daily and data provided in financial releases of all companies)

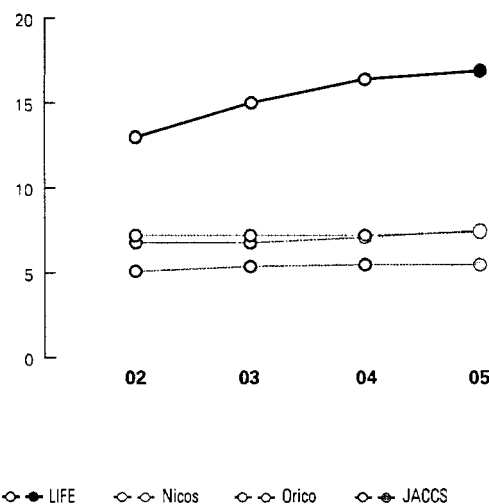
### NUMBER OF CARDHOLDERS AT JAPAN'S FOUR MAJOR SHINPAN COMPANIES

(Thousands)



### OPERATING REVENUE MARGIN AT JAPAN'S FOUR MAJOR SHINPAN COMPANIES

(%)



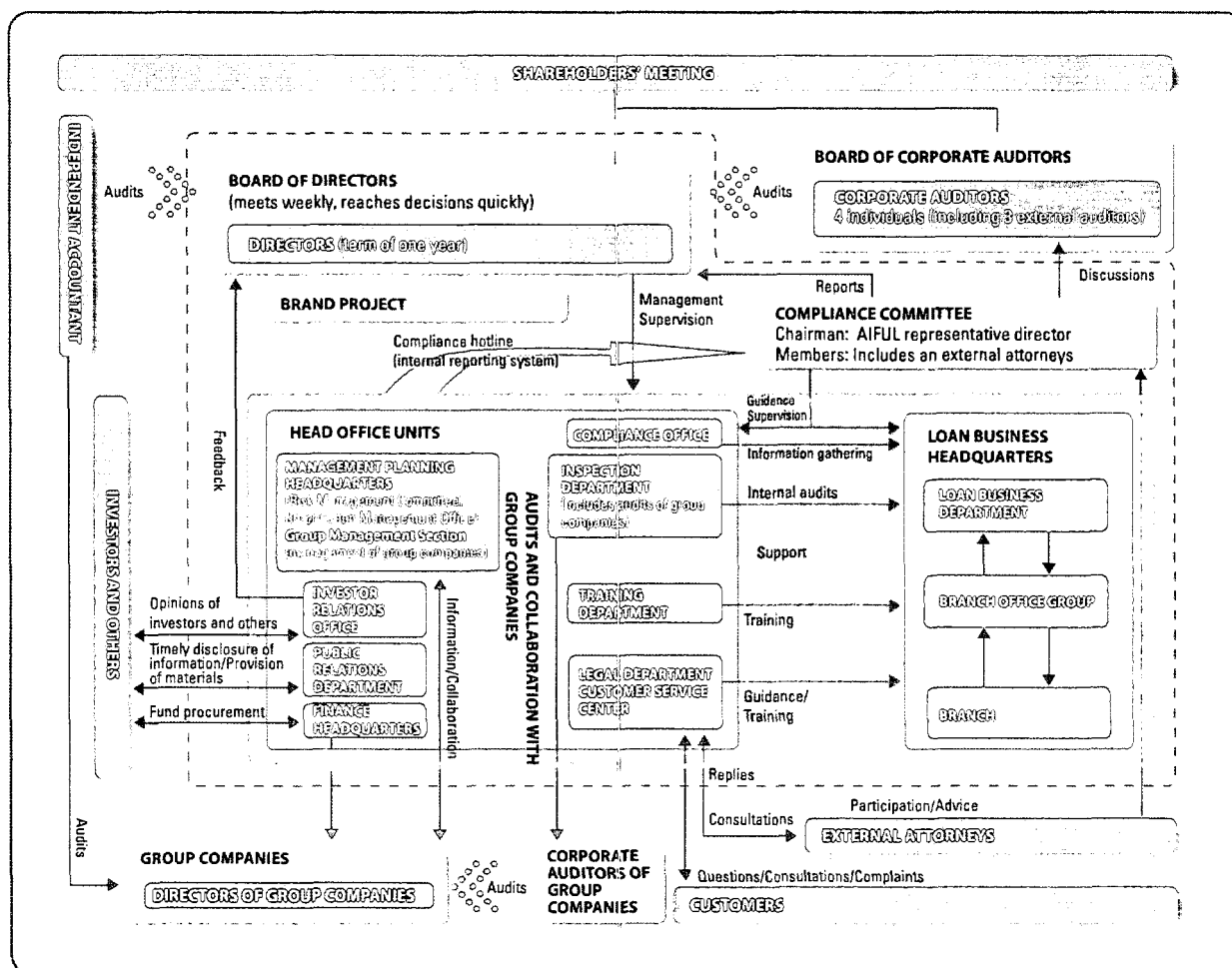
## CORPORATE SOCIAL RESPONSIBILITY

### THE AIFUL GROUP CSR FRAMEWORK

Dedicated to sustainable growth

Based on the corporate philosophy "Win the good favor of society," the AIFUL Group is committed to responding to the needs of all customers. For this purpose, activities are focused on becoming a comprehensive finance group that optimizes convenience for customers and has a reputation for innovative thinking and reliability. To translate the corporate philosophy into actions, all employees of the AIFUL Group must perform their work with an awareness of social obligations. With this in mind, the Group has a corporate governance framework, a compliance system and other components that provide the basis for achieving sustainable growth while serving as a responsible corporate citizen.

The diagram below presents the structure of AIFUL's corporate governance, information disclosure, business execution, administration, internal control and risk management systems.



## CORPORATE GOVERNANCE

AIFUL has four corporate auditors, three of whom are from outside the group, to supervise management of the company. The auditors attend weekly meetings of the Board of Directors, performing supervisory duties from an independent, neutral standpoint. The auditors also attend monthly meetings of the Compliance Committee, an advisory body to the Board of Directors, and work closely with the Inspection Department, the company's internal auditing unit, to maintain an effective preventive auditing system. Furthermore, AIFUL's corporate auditors, along with the corporate auditors of each group company, work with the company's Group Management Section and Inspection Department to provide a supervisory system for the management of group companies.

### 1. REMUNERATION FOR DIRECTORS AND CORPORATE AUDITORS

Remuneration for AIFUL directors and corporate auditors for the fiscal year that ended in March 2005 was as follows.

(Millions of yen)

|                                                     |            |
|-----------------------------------------------------|------------|
| Remuneration for directors (19 individuals)         | 380        |
| Remuneration for corporate auditors (5 individuals) | 61         |
| <b>Total</b>                                        | <b>442</b> |

### 2. REMUNERATION FOR INDEPENDENT ACCOUNTANT

Remuneration for the AIFUL Group's independent accountant for the fiscal year that ended in March 2005 was as follows.

(Millions of yen)

|                                              |            |
|----------------------------------------------|------------|
| Contractual payments for audit certification | 70         |
| Other payments                               | 39         |
| <b>Total</b>                                 | <b>109</b> |

## COMPLIANCE

In April 2002, the Compliance Committee was established as an advisory body to the Board of Directors. At its monthly meetings, this committee examines risk-related data, preventive measures involving risks, and employee training programs in line with committee policies, and takes other actions to enhance the company-wide compliance system. The AIFUL Group Ethical Guidelines have been prepared and distributed to all employees. For some time, the group has had a hotline to the Personnel Division and Inspection Department for reporting violations of ethics and providing advice. In addition, a Customer Service Center has been set up within the Legal Department, providing quick responses to questions and complaints from customers. Furthermore, the center provides guidance and training to sales departments, works closely with the Compliance Committee to enhance customer satisfaction and builds a more powerful legal compliance system. In June 2003, a compliance hotline was set up and internal rules for reporting compliance violations were established in order to prevent the occurrence of violations of laws, regulations and internal rules.

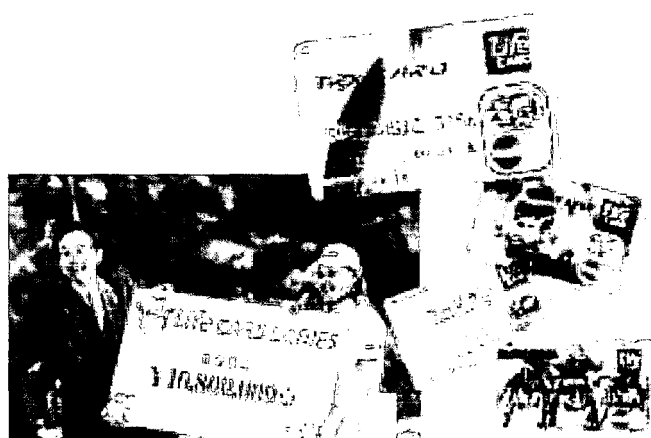
## RISK MANAGEMENT AND HANDLING OF PERSONAL INFORMATION

The Risk Management Committee, which is part of the Management Planning Headquarters, takes the lead in gathering information on existing and potential risks at the company. The committee works with the Investor Relations Office, Public Relations Department, Legal Department and other units to maintain a crisis management system. To prepare for the April 1, 2005 full enforcement of Japan's Personal Information Protection Law, AIFUL started a personal information protection project in April 2004. This project conducted a comprehensive review of safety management systems, from the standpoints of personnel, the organization and technology, for the purpose of ensuring the proper handling of personal information and preventing unauthorized access to this information.

AIFUL has established an action plan to be prepared for the occurrence of problems associated with personal information or corporate information. In addition, an information contingency plan has been established. Primarily the responsibility of the Information Management Office within the Management Planning Headquarters, this plan provides for quick and appropriate responses in the event of an emergency.

## CORPORATE CITIZENSHIP

Based on the corporate philosophy "Win the good favor of society," the AIFUL Group sponsors and supports many activities, with a particular focus on sporting events. Among the best known events are the AIFUL Cup Golf Tournament, the LIFE Card Women's Golf Tournament, and the All-Japan University Women's Invitational Relay Race. LIFE issues charity cards in which a portion of purchases is directed to a number of charities run by volunteers. In June 2005, LIFE issued the TRX Card, which directs donations to a nature conservancy group, further increasing its support for non-profit organizations.



## BOARD OF DIRECTORS

### AIFUL CORPORATION (As of June 24, 2005)

#### *President and CEO*

**Yoshitaka Fukuda**

#### *Senior Managing Director and Representative Director*

**Taichi Kawakita**

#### *Senior Managing Directors*

**Katsuhide Horiba**

**Sadatoshi Kobayashi**

#### *Managing Director*

**Shintaro Hashima**

#### *Directors*

**Yasutaka Fukuda**

**Yoshimasa Nishimura**

**Koji Imada**

**Takashi Koumoto**

**Masami Munetake**

**Yasuo Yanagibashi**

**Masayuki Sato**

**Hiroshi Abe**

**Kazumitsu Oishi**

**Tsuneo Sakai**

**Kazuyoshi Wakamatsu**

#### *Standing Corporate Auditors*

**Masanobu Hidaka**

**Yoshitaka Ebisuzaki**

**Yasuo Hotta**

#### *Corporate Auditor*

**Yoshinobu Azuma**

### LIFE Co., Ltd. (As of June 24, 2005)

#### *Chairman*

**Yoshitaka Fukuda**

#### *Vice-Chairman*

**Makoto Iwai**

#### *President*

**Kazuyuki Isono**

#### *Senior Managing Directors*

**Masayuki Sato**

**Gen Hashimoto**

#### *Managing Director*

**Syouichiro Nakata**

#### *Directors*

**Tetsuya Goto**

**Toshiki Yamanishi**

**Seiji Yamada**

**Toshihiko Nakamoto**

**Katsuhide Horiba**

**Hiroshi Abe**

#### *Standing Corporate Auditor*

**Tadashige Horioka**

#### *Corporate Auditors*

**Yoshitaka Ebisuzaki**

**Keiji Kimoto**

**Minoru Shimamura**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Note: Figures in the financial section are based on audited English-language statements. Figures in the feature section and review of operations are based on Japanese financial statements. Due to certain reclassifications, some figures and items do not match.

## SIX-YEAR SUMMARY

AIFUL Corporation and Consolidated Subsidiaries

Years ended March 31

|                                                                                                          | 2000       | 2001       | 2002       |
|----------------------------------------------------------------------------------------------------------|------------|------------|------------|
| <b>FOR THE YEAR:</b>                                                                                     |            |            |            |
| Total income                                                                                             | 239,200    | 281,719    | 400,014    |
| Total expenses                                                                                           | 154,490    | 189,145    | 338,166    |
| Credit costs                                                                                             | 40,307     | 59,194     | 42,576     |
| Income before income taxes and minority interests                                                        | 84,710     | 92,574     | 61,848     |
| Income taxes                                                                                             | 42,399     | 44,371     | 27,385     |
| Deferred income taxes                                                                                    | 1,793      | (1,833)    | (8,908)    |
| Net income                                                                                               | 44,104     | 48,253     | 35,064     |
| <b>AT YEAR-END:</b>                                                                                      |            |            |            |
| Loans                                                                                                    | 1,001,080  | 1,261,042  | 1,482,796  |
| Bad debts                                                                                                | 57,668     | 79,913     | 94,854     |
| Loans in legal bankruptcy                                                                                | 16,299     | 13,071     | 16,457     |
| Nonaccrual loans                                                                                         | 15,797     | 25,644     | 28,723     |
| Accruing loans contractually<br>past due three months or<br>more as to principal or<br>interest payments | 5,251      | 7,196      | 11,945     |
| Restructured loans                                                                                       | 20,321     | 34,002     | 37,729     |
| Total assets                                                                                             | 1,182,468  | 1,865,537  | 2,029,634  |
| Allowance for bad debts                                                                                  | 56,720     | 98,395     | 109,337    |
| Total liabilities                                                                                        | 929,565    | 1,557,838  | 1,604,780  |
| Interest-bearing debt                                                                                    | 892,169    | 1,239,265  | 1,344,273  |
| Minority interests                                                                                       | —          | 1,149      | 3,511      |
| Total shareholders' equity                                                                               | 252,903    | 306,550    | 421,343    |
| <b>PER SHARE DATA (YEN):</b>                                                                             |            |            |            |
| Net income                                                                                               | 349.38     | 379.54     | 260.00     |
| Net income — diluted                                                                                     | —          | —          | —          |
| Total shareholders' equity                                                                               | 2,003.48   | 2,407.83   | 3,015.34   |
| Cash dividends                                                                                           | 60         | 50         | 50         |
| <b>RATIO (%):</b>                                                                                        |            |            |            |
| Shareholders' equity ratio                                                                               | 21.4       | 16.4       | 20.7       |
| ROE                                                                                                      | 19.3       | 15.7       | 9.6        |
| ROA                                                                                                      | 4.0        | 2.6        | 1.8        |
| <b>OTHER DATA:</b>                                                                                       |            |            |            |
| Number of shares<br>outstanding at year-end                                                              | 56,103,000 | 84,876,000 | 93,376,000 |
| Number of employees<br>at year-end                                                                       | 3,263      | 5,750      | 5,810      |

We started compiling our financial statements on a consolidated basis starting the fiscal year ended March 31, 2001. Thus, figures for prior years are provided only on a non-consolidated basis.

| (Reference)       | 2000    | 2001    | 2002    |
|-------------------|---------|---------|---------|
| Operating Revenue | 238,532 | 280,656 | 397,162 |
| Ordinary Income   | 85,009  | 103,533 | 105,067 |

| (Millions of yen) |            |             |
|-------------------|------------|-------------|
| 2003              | 2004       | 2005        |
| 451,168           | 479,473    | 520,737     |
| 343,715           | 375,659    | 391,295     |
| 138,479           | 157,349    | 155,466     |
| 107,453           | 103,814    | 123,442     |
| 47,426            | 41,016     | 53,015      |
| (10,129)          | (5,158)    | 11,990      |
| 59,911            | 62,548     | 75,723      |
| 1,670,782         | 1,786,940  | 1,935,622   |
| 120,399           | 149,826    | 175,136     |
| 20,830            | 28,637     | 31,020      |
| 39,897            | 52,452     | 68,283      |
| 16,503            | 17,820     | 21,049      |
| 43,169            | 50,917     | 62,784      |
| 2,282,113         | 2,332,761  | 2,574,266   |
| 132,130           | 145,757    | 153,483     |
| 1,792,093         | 1,780,575  | 1,951,548   |
| 1,504,969         | 1,513,812  | 1,673,458   |
| 4,029             | 4,682      | 5,385       |
| 485,991           | 547,504    | 617,353     |
| 425.06            | 440.65     | 533.57      |
| —                 | —          | 533.53      |
| 3,428.97          | 3,863.06   | 4,358.59    |
| 60                | 60         | 60          |
| 21.3              | 23.5       | 24.0        |
| 13.2              | 12.1       | 13.0        |
| 2.8               | 2.7        | 3.1         |
| 94,690,000        | 94,690,000 | 142,035,010 |
| 6,123             | 5,969      | 6,510       |

| (Millions of yen) |         |         |
|-------------------|---------|---------|
| 2003              | 2004    | 2005    |
| 449,458           | 473,458 | 518,416 |
| 111,797           | 112,446 | 135,294 |

#### Notes

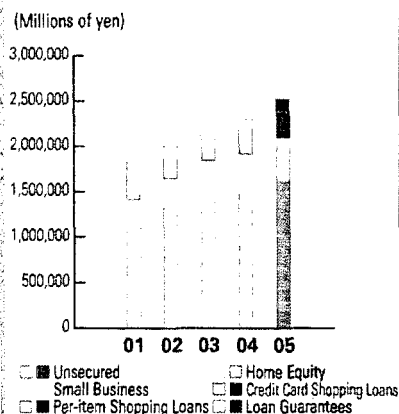
1. On May 20, 1999, each common, par value share held as of March 31, 1999, was split into 1.2 shares according to the provisions of Article 218 of the Japanese Commercial Code. As a result, the outstanding stock volume increased by 9,350,500 shares. Net income per share for the fiscal year through March 2000 was calculated as if the stock split had been implemented at the beginning of the term.
2. On May 22, 2000, each common, par value share held as of March 31, 2000, was split into 1.5 shares according to the provisions of Article 218 of the Japanese Commercial Code. As a result, the outstanding stock volume increased by 28,051,500 shares. Net income per share for the fiscal year through March 2001 was calculated as if the stock split had been implemented at the beginning of the term.
3. On June 1, 2000, 721,500 new shares were issued through an exchange of shares agreement concluded with Sinwa Co., Ltd.
4. On August 25, 2001, 3,500,000 new shares were issued through a domestic public offering, while 5,000,000 new shares were issued through an overseas public offering, primarily in Europe.
5. On October 1, 2002, 1,314,000 new shares were issued through an exchange of shares agreement concluded with City Green Corporation in connection with the October 2002 acquisition of City's, a small business loan company.
6. Starting in 2003, shareholders' equity per share, net income per share, and diluted net income per share were calculated based on the Accounting Standard for Earnings Per Share (Accounting Standard No. 2) and the Implementation Guidance for Accounting Standard for Earnings Per Share (Implementation Guidance for Accounting Standard No. 4).
7. On May 23, 2005, each common, par value share held as of March 31, 2005, was split into 1.5 shares according to the provisions of Article 218 of the Japanese Commercial Code. As a result, the outstanding stock volume increased by 47,345,000 shares.
8. Net income and total shareholders' equity per share for all the fiscal years shown in the table through March 2005 were calculated as if the May 23, 2005 stock split (See Note. 7) had been implemented at the beginning of the term.

## FINANCIAL DATA

### AIFUL GROUP

#### TOTAL RECEIVABLES OUTSTANDING

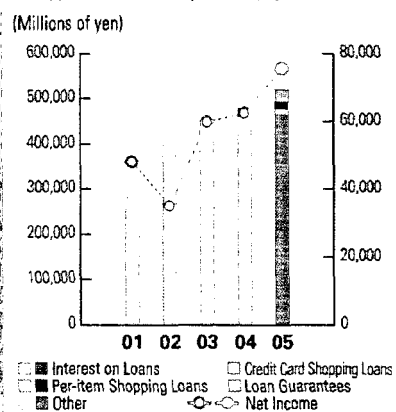
(Millions of yen)



|                               | 2001      | 2002      | 2003      | 2004      | 2005      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Receivables Outstanding | 1,821,875 | 2,002,499 | 2,210,889 | 2,298,444 | 2,522,579 |
| Loans                         | 1,407,636 | 1,635,954 | 1,833,702 | 1,907,655 | 2,095,202 |
| Unsecured                     | 1,167,837 | 1,332,218 | 1,442,980 | 1,477,430 | 1,622,032 |
| Home Equity                   | 227,601   | 278,893   | 325,437   | 346,183   | 352,214   |
| Small Business                | 12,198    | 24,843    | 65,285    | 84,042    | 120,955   |
| Credit Card Shopping Loans    | 63,490    | 61,687    | 64,117    | 71,528    | 79,623    |
| Per-item Shopping Loans       | 165,970   | 164,715   | 184,324   | 185,650   | 206,348   |
| Loan Guarantees               | 184,778   | 140,143   | 128,745   | 133,610   | 141,407   |

#### TOTAL INCOME / NET INCOME

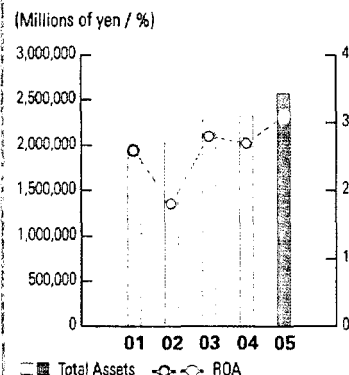
(Millions of yen)



|                            | 2001    | 2002    | 2003    | 2004    | 2005    |
|----------------------------|---------|---------|---------|---------|---------|
| Total Income               | 281,719 | 400,014 | 451,168 | 479,473 | 520,737 |
| Interest on Loans          | 272,237 | 359,318 | 406,484 | 429,513 | 466,430 |
| Unsecured                  | 234,374 | 311,910 | 348,887 | 358,142 | 387,839 |
| Home Equity                | 34,974  | 43,150  | 47,650  | 55,022  | 56,531  |
| Small Business             | 2,888   | 4,257   | 9,945   | 16,348  | 22,059  |
| Credit Card Shopping Loans | —       | 6,742   | 7,878   | 8,140   | 9,091   |
| Per-item Shopping Loans    | —       | 10,353  | 15,179  | 15,508  | 17,201  |
| Loan Guarantees            | —       | 4,076   | 4,133   | 5,562   | 7,088   |
| Other                      | 9,482   | 19,525  | 17,494  | 20,750  | 20,927  |
| Net Income                 | 48,253  | 35,064  | 59,911  | 62,548  | 75,723  |

#### TOTAL ASSETS / ROA

(Millions of yen / %)

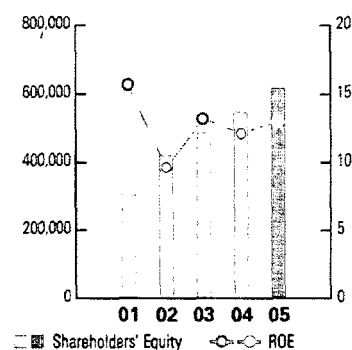


|              | 2001      | 2002      | 2003      | 2004      | 2005      |
|--------------|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 1,865,537 | 2,029,634 | 2,282,113 | 2,332,761 | 2,574,286 |
| ROA (%)      | 2.6       | 1.8       | 2.8       | 2.7       | 3.1       |

ROA=Net Income / Total Assets (average) x 100 (%)

## SHAREHOLDERS' EQUITY / ROE

(Millions of yen / %)

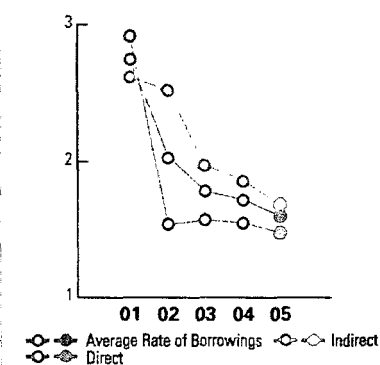


|                      | 2001    | 2002    | 2003    | 2004    | 2005    |
|----------------------|---------|---------|---------|---------|---------|
| Shareholders' Equity | 306,550 | 421,343 | 485,991 | 547,504 | 617,353 |
| ROE (%)              | 15.7    | 9.6     | 13.2    | 12.1    | 13.0    |

ROE=Net Income / Shareholders' Equity (average) x 100 (%)

## AVERAGE RATE OF BORROWINGS

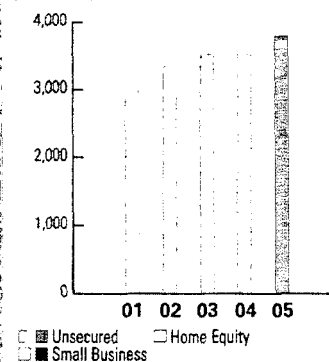
(%)



|                                  | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|------|------|------|------|------|
| Average Rate of Borrowings       | 2.75 | 2.04 | 1.78 | 1.72 | 1.60 |
| Indirect                         | 2.62 | 2.52 | 1.97 | 1.86 | 1.68 |
| Direct                           | 2.91 | 1.54 | 1.57 | 1.55 | 1.48 |
| Long-Term Prime Rate (reference) | 1.90 | 2.30 | 1.50 | 1.65 | 1.65 |
| Share of Indirect                | 53.7 | 51.8 | 53.5 | 56.2 | 60.2 |
| Share of Direct                  | 46.3 | 48.2 | 46.5 | 43.8 | 39.8 |

## NUMBER OF CUSTOMER ACCOUNTS

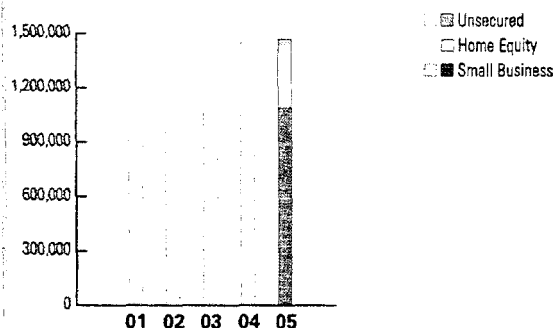
(Thousands)



|                                  | 2001  | 2002  | 2003  | 2004   | 2005   |
|----------------------------------|-------|-------|-------|--------|--------|
| Number of Customer Accounts      | 3,043 | 3,336 | 3,521 | 3,520  | 3,796  |
| Unsecured                        | 2,971 | 3,241 | 3,389 | 3,366  | 3,618  |
| Home Equity                      | 61    | 75    | 87    | 94     | 99     |
| Small Business                   | 10    | 19    | 45    | 59     | 77     |
| Credit Card Holders              | 7,598 | 8,835 | 9,837 | 11,051 | 11,957 |
| Per-item Shopping Loans Accounts | 633   | 645   | 697   | 740    | 839    |

**LOANS OUTSTANDING**

(Millions of yen)

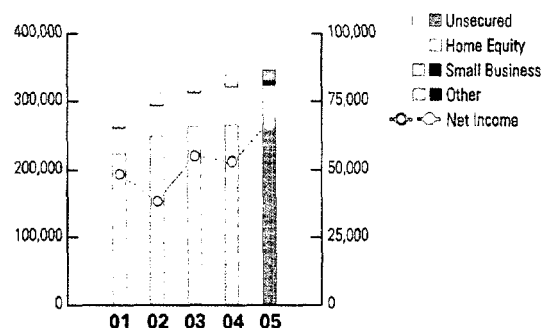


(Millions of yen)

|                   | 2001      | 2002      | 2003      | 2004      | 2005      |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Loans Outstanding | 1,159,734 | 1,313,690 | 1,413,340 | 1,451,638 | 1,471,767 |
| Unsecured         | 921,891   | 1,019,293 | 1,058,151 | 1,081,058 | 1,093,663 |
| Home Equity       | 225,645   | 277,671   | 322,840   | 342,637   | 345,180   |
| Small Business    | 12,198    | 16,726    | 22,349    | 27,943    | 32,924    |

**TOTAL INCOME / NET INCOME**

(Millions of yen)

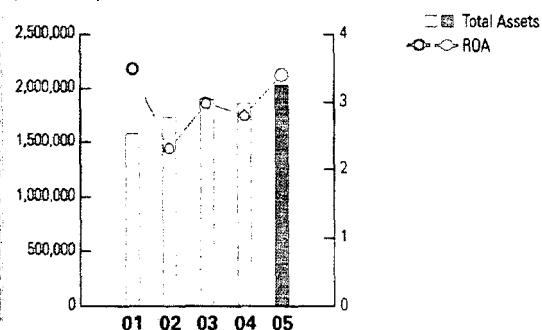


(Millions of yen)

|                   | 2001    | 2002    | 2003    | 2004    | 2005    |
|-------------------|---------|---------|---------|---------|---------|
| Total Income      | 272,553 | 311,843 | 330,147 | 340,224 | 347,157 |
| Interest on Loans | 262,580 | 296,034 | 315,600 | 326,979 | 330,529 |
| Unsecured         | 224,718 | 249,088 | 263,262 | 265,959 | 266,930 |
| Home Equity       | 34,974  | 43,054  | 47,483  | 54,663  | 55,875  |
| Small Business    | 2,888   | 3,891   | 4,854   | 6,355   | 7,722   |
| Other             | 9,973   | 15,809  | 14,547  | 13,245  | 16,628  |
| Net Income        | 48,512  | 38,349  | 55,318  | 53,086  | 67,301  |

**TOTAL ASSETS / ROA**

(Millions of yen / %)

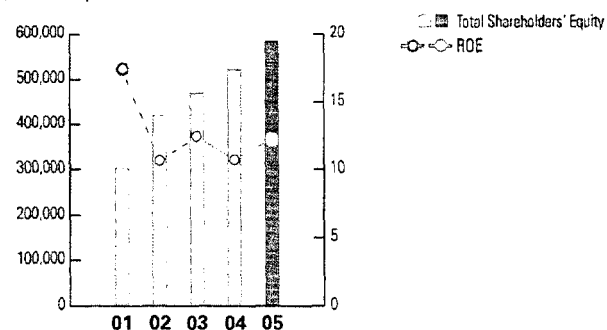


(Millions of yen / %)

|              | 2001      | 2002      | 2003      | 2004      | 2005      |
|--------------|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 1,586,410 | 1,740,858 | 1,906,212 | 1,870,076 | 2,033,547 |
| ROA (%)      | 3.5       | 2.3       | 3.0       | 2.8       | 3.4       |

**TOTAL SHAREHOLDERS' EQUITY / ROE**

(Millions of yen / %)

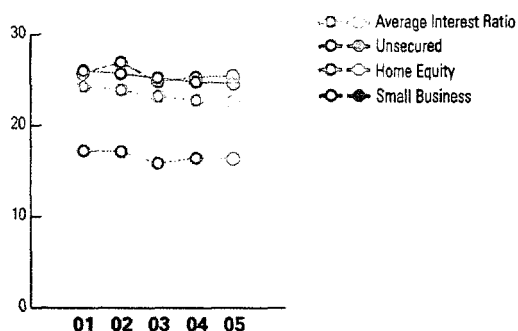


(Millions of yen / %)

|                            | 2001    | 2002    | 2003    | 2004    | 2005    |
|----------------------------|---------|---------|---------|---------|---------|
| Total Shareholders' Equity | 302,601 | 420,493 | 470,834 | 522,905 | 534,398 |
| ROE (%)                    | 17.5    | 10.6    | 12.4    | 10.7    | 12.2    |

## AVERAGE INTEREST RATIO

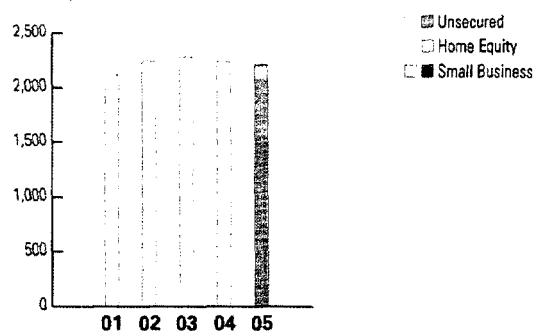
(%)



|                        | 2001 | 2002 | 2003 | 2004 | 2005 |
|------------------------|------|------|------|------|------|
| Average Interest Ratio | 24.3 | 23.9 | 23.2 | 22.8 | 22.6 |
| Unsecured              | 26.0 | 25.7 | 25.2 | 24.8 | 24.6 |
| Home Equity            | 17.2 | 17.1 | 15.8 | 16.4 | 16.3 |
| Small Business         | 25.7 | 26.9 | 24.8 | 25.3 | 25.4 |

## NUMBER OF CUSTOMER ACCOUNTS

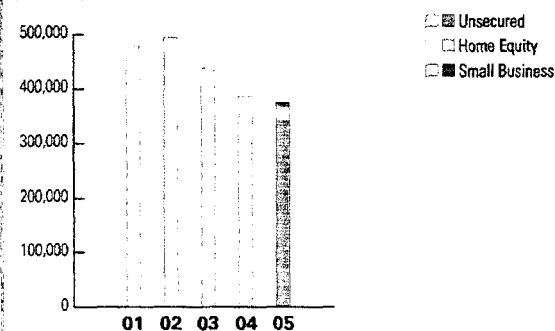
(Thousands)



|                             | 2001  | 2002  | 2003  | 2004  | 2005  |
|-----------------------------|-------|-------|-------|-------|-------|
| Number of Customer Accounts | 2,121 | 2,244 | 2,284 | 2,246 | 2,214 |
| Unsecured                   | 2,050 | 2,155 | 2,180 | 2,131 | 2,091 |
| Home Equity                 | 60    | 75    | 87    | 93    | 98    |
| Small Business              | 10    | 13    | 17    | 21    | 24    |

## NEW ACCOUNTS

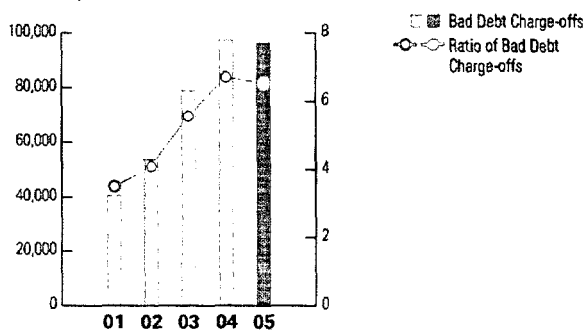
(Accounts)



|                | 2001    | 2002    | 2003    | 2004    | 2005    |
|----------------|---------|---------|---------|---------|---------|
| New Accounts   | 479,903 | 496,055 | 440,254 | 388,036 | 376,024 |
| Unsecured      | 453,437 | 462,436 | 405,275 | 355,619 | 343,536 |
| Home Equity    | 22,403  | 27,307  | 27,542  | 24,222  | 23,405  |
| Small Business | 4,063   | 6,322   | 7,437   | 8,195   | 9,083   |

## BAD DEBT CHARGE-OFFS / RATIO OF BAD DEBT CHARGE-OFFS

(Millions of yen / %)

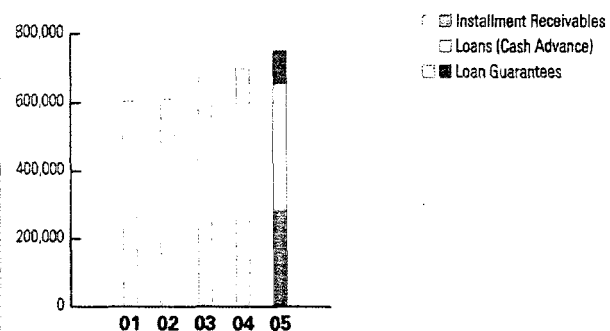


|                                   | 2001   | 2002   | 2003   | 2004   | 2005   |
|-----------------------------------|--------|--------|--------|--------|--------|
| Bad Debt Charge-offs              | 40,793 | 53,890 | 78,986 | 97,458 | 96,224 |
| Unsecured                         | 37,944 | 49,517 | 71,968 | 86,507 | 83,436 |
| Home Equity                       | 2,399  | 3,925  | 6,313  | 9,612  | 10,800 |
| Small Business                    | 449    | 437    | 704    | 1,339  | 1,587  |
| Ratio of Bad Debt Charge-offs (%) | 3.52   | 4.10   | 5.59   | 6.71   | 6.54   |
| Unsecured                         | 4.12   | 4.86   | 6.74   | 8.00   | 7.63   |
| Home Equity                       | 1.06   | 1.41   | 1.96   | 2.81   | 3.13   |
| Small Business                    | 3.68   | 2.62   | 3.15   | 4.79   | 6.04   |

## LIFE (MANAGED ASSET BASIS)

### TOTAL RECEIVABLES OUTSTANDING

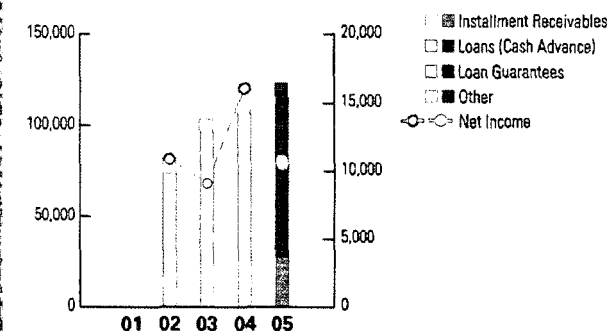
(Millions of yen)



|                               | 2001    | 2002    | 2003    | 2004    | 2005    |
|-------------------------------|---------|---------|---------|---------|---------|
| Total Receivables Outstanding | 606,313 | 612,509 | 676,093 | 702,202 | 751,553 |
| Installment Receivables       | 225,376 | 224,213 | 247,494 | 256,773 | 285,867 |
| Loans (Cash Advance)          | 196,559 | 250,903 | 310,749 | 339,137 | 357,459 |
| Loan Guarantees               | 184,378 | 137,392 | 117,849 | 106,290 | 98,226  |

### OPERATING REVENUE / NET INCOME

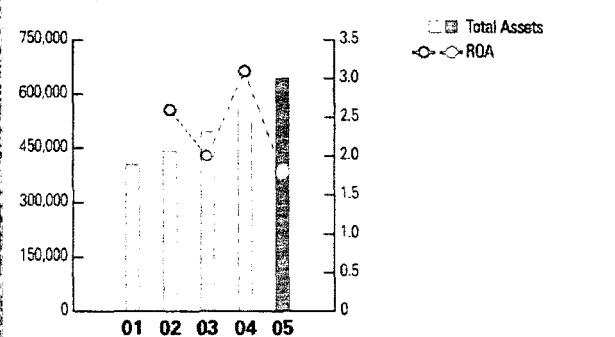
(Millions of yen)



|                         | 2001 | 2002   | 2003    | 2004    | 2005    |
|-------------------------|------|--------|---------|---------|---------|
| Operating Revenue       | -    | 79,824 | 103,880 | 113,738 | 123,881 |
| Installment Receivables | -    | 19,020 | 23,566  | 24,415  | 26,870  |
| Loans (Cash Advance)    | -    | 51,387 | 69,578  | 78,815  | 84,919  |
| Loan Guarantees         | -    | 3,932  | 3,622   | 3,842   | 4,044   |
| Other                   | -    | 5,424  | 7,113   | 6,664   | 8,045   |
| Net Income              | -    | 10,908 | 9,149   | 16,131  | 10,679  |

### TOTAL ASSETS / ROA

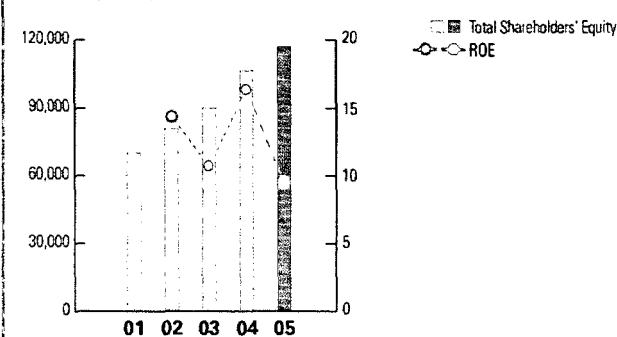
(Millions of yen / %)



|              | 2001    | 2002    | 2003    | 2004    | 2005    |
|--------------|---------|---------|---------|---------|---------|
| Total Assets | 405,314 | 441,799 | 496,781 | 559,273 | 644,116 |
| ROA (%)      | -       | 2.5     | 2.0     | 3.1     | 1.8     |

### TOTAL SHAREHOLDERS' EQUITY / ROE

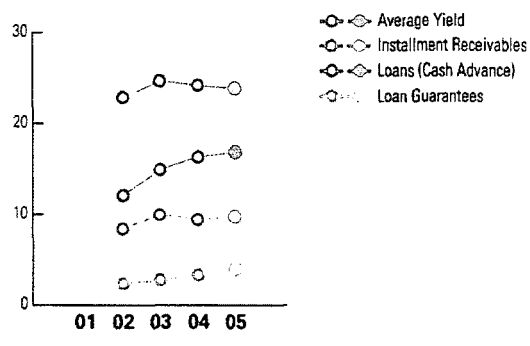
(Millions of yen / %)



|                            | 2001   | 2002   | 2003   | 2004    | 2005    |
|----------------------------|--------|--------|--------|---------|---------|
| Total Shareholders' Equity | 70,142 | 81,094 | 90,284 | 106,486 | 117,163 |
| ROE (%)                    | -      | 14.4   | 10.7   | 16.4    | 9.6     |

## AVERAGE YIELD

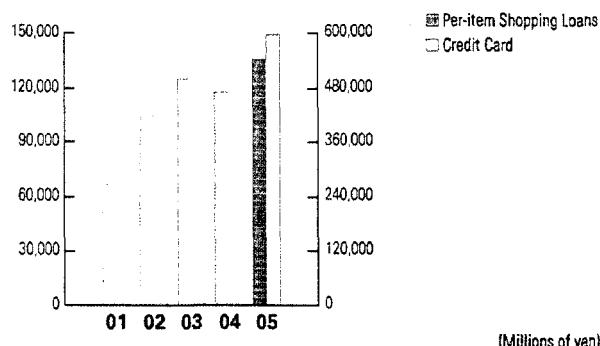
(%)



|                         | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------|------|------|------|------|------|
| Average Yield           | -    | 12.2 | 15.0 | 16.4 | 16.9 |
| Installment Receivables | -    | 8.5  | 10.0 | 9.5  | 9.8  |
| Loans (Cash Advance)    | -    | 23.0 | 24.8 | 24.3 | 24.0 |
| Loan Guarantees         | -    | 2.5  | 2.8  | 3.4  | 4.0  |

## PURCHASE RESULTS

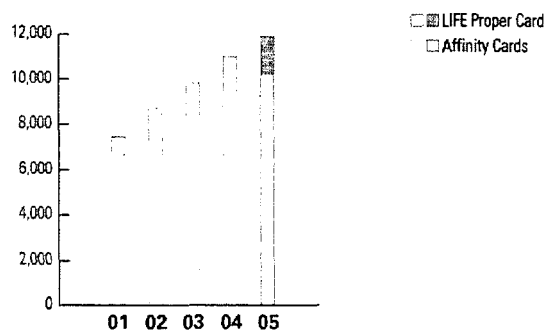
(Millions of yen)



|                            | 2001    | 2002    | 2003    | 2004    | 2005    |
|----------------------------|---------|---------|---------|---------|---------|
| Purchase Results           |         |         |         |         |         |
| Per-item Shopping Loans    | 67,155  | 104,531 | 125,246 | 118,131 | 135,646 |
| Credit Card                | 370,077 | 425,446 | 503,448 | 543,507 | 597,314 |
| Credit Card Shopping Loans | 219,167 | 233,633 | 274,479 | 318,115 | 373,130 |
| Credit Card Cashing Loans  | 150,909 | 191,813 | 228,968 | 225,392 | 224,184 |

## NUMBER OF CARDHOLDERS

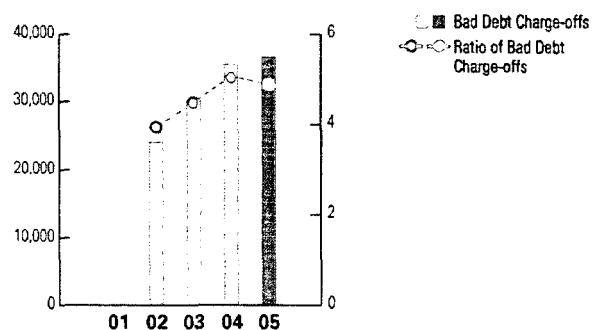
(Thousands)



|                       | 2001  | 2002  | 2003  | 2004   | 2005   |
|-----------------------|-------|-------|-------|--------|--------|
| Number of Cardholders | 7,483 | 8,716 | 9,834 | 11,032 | 11,916 |
| LIFE Proper Card      | 847   | 1,387 | 1,509 | 1,625  | 1,710  |
| Affinity Cards        | 6,636 | 7,328 | 8,324 | 9,406  | 10,205 |

## BAD DEBT CHARGE-OFFS / RATIO OF BAD DEBT CHARGE-OFFS

(Millions of yen / %)

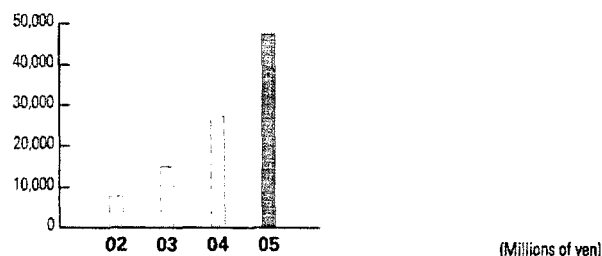


|                                   | 2001 | 2002   | 2003   | 2004   | 2005   |
|-----------------------------------|------|--------|--------|--------|--------|
| Bad Debt Charge-offs              | -    | 24,161 | 30,190 | 35,566 | 36,658 |
| Credit Card Shopping Loans        | -    | 2,334  | 2,337  | 2,412  | 2,115  |
| Credit Card Cashing Loans         | -    | 5,833  | 8,688  | 12,823 | 13,141 |
| Per-item Shopping Loans           | -    | 5,308  | 5,229  | 6,067  | 4,994  |
| LIFE Cash Plaza (unsecured loans) | -    | 3,949  | 6,432  | 10,570 | 11,445 |
| Ratio of Bad Debt Charge-offs (%) | -    | 3.94   | 4.47   | 5.06   | 4.88   |
| Credit Card Shopping Loans        | -    | 3.79   | 3.65   | 3.37   | 2.66   |
| Credit Card Cashing Loans         | -    | 3.64   | 4.52   | 6.32   | 6.28   |
| Per-item Shopping Loans           | -    | 3.62   | 3.06   | 3.45   | 2.53   |
| LIFE Cash Plaza (unsecured loans) | -    | 4.41   | 5.47   | 7.80   | 7.26   |

# BUSINEXT

## LOANS OUTSTANDING

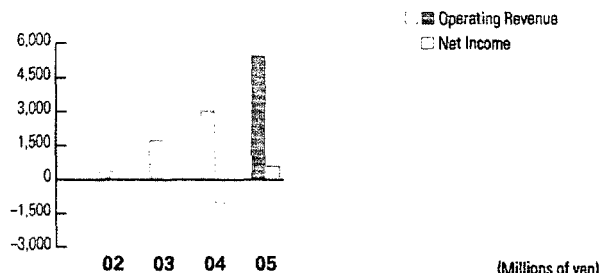
(Millions of yen)



|                   | 2002  | 2003   | 2004   | 2005   |
|-------------------|-------|--------|--------|--------|
| Loans Outstanding | 8,116 | 15,397 | 27,591 | 47,622 |

## OPERATING REVENUE / NET INCOME

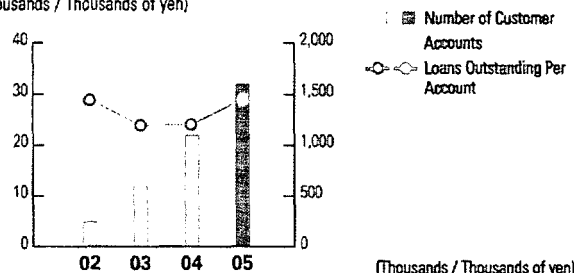
(Millions of yen)



|                   | 2002   | 2003  | 2004   | 2005  |
|-------------------|--------|-------|--------|-------|
| Operating Revenue | 366    | 1,749 | 3,014  | 5,445 |
| Net Income        | -2,600 | -601  | -1,036 | 601   |

## NUMBER OF CUSTOMER ACCOUNTS / LOANS OUTSTANDING PER ACCOUNT

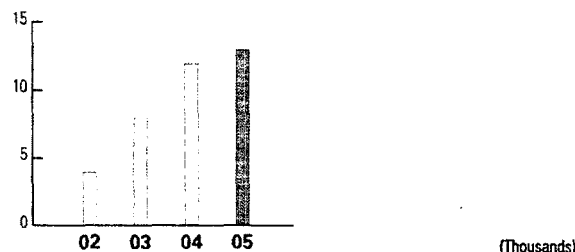
(Thousands / Thousands of yen)



|                               | 2002  | 2003  | 2004  | 2005  |
|-------------------------------|-------|-------|-------|-------|
| Number of Customer Accounts   | 5     | 12    | 22    | 32    |
| Loans Outstanding Per Account | 1,449 | 1,194 | 1,203 | 1,455 |

## NEW ACCOUNTS

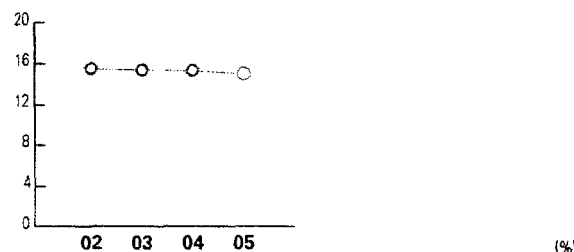
(Thousands)



|              | 2002 | 2003 | 2004 | 2005 |
|--------------|------|------|------|------|
| New Accounts | 4    | 8    | 12   | 13   |

## AVERAGE INTEREST RATE

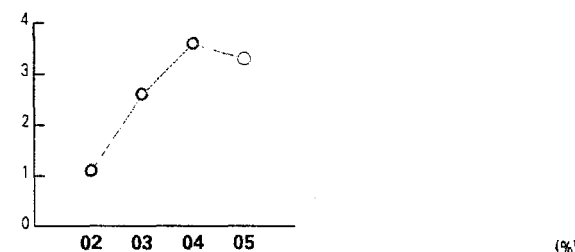
(%)



|                       | 2002 | 2003 | 2004 | 2005 |
|-----------------------|------|------|------|------|
| Average Interest Rate | 15.5 | 15.4 | 15.3 | 15.1 |

## RATIO OF BAD DEBT CHARGE-OFFS

(%)

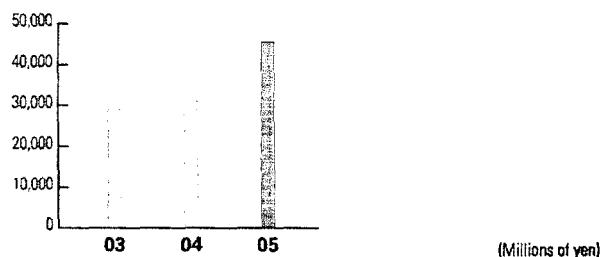


|                               | 2002 | 2003 | 2004 | 2005 |
|-------------------------------|------|------|------|------|
| Ratio of Bad Debt Charge-offs | 1.1  | 2.6  | 3.6  | 3.3  |

# CITY'S

## LOANS OUTSTANDING

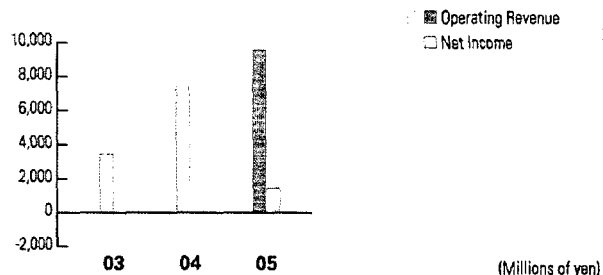
(Millions of yen)



|                   | 2003   | 2004   | 2005   |
|-------------------|--------|--------|--------|
| Loans Outstanding | 29,176 | 31,214 | 45,673 |

## OPERATING REVENUE / NET INCOME

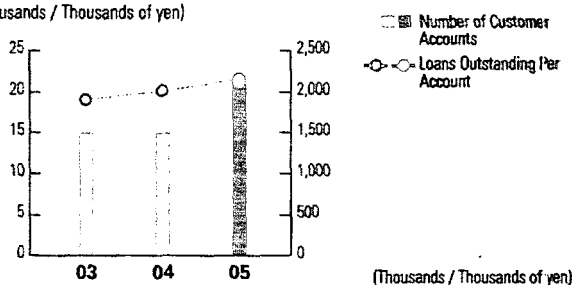
(Millions of yen)



|                   | 2003  | 2004  | 2005  |
|-------------------|-------|-------|-------|
| Operating Revenue | 3,470 | 7,414 | 9,579 |
| Net Income        | -299  | 1,535 | 1,494 |

## NUMBER OF CUSTOMER ACCOUNTS / LOANS OUTSTANDING PER ACCOUNT

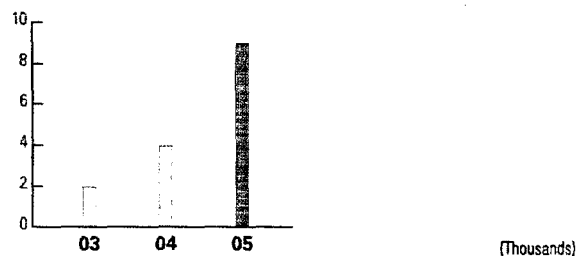
(Thousands / Thousands of yen)



|                               | 2003  | 2004  | 2005  |
|-------------------------------|-------|-------|-------|
| Number of Customer Accounts   | 15    | 15    | 21    |
| Loans Outstanding Per Account | 1,908 | 2,014 | 2,163 |

## NEW ACCOUNTS

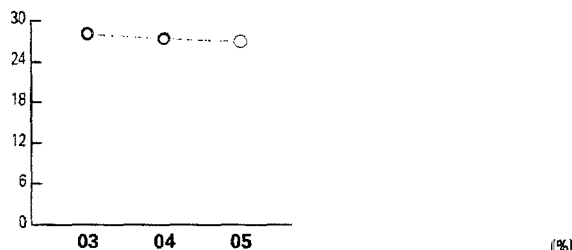
(Thousands)



|              | 2003 | 2004 | 2005 |
|--------------|------|------|------|
| New Accounts | 2    | 4    | 9    |

## AVERAGE INTEREST RATE

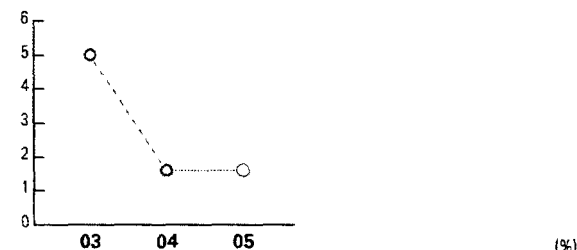
(%)



|                       | 2003 | 2004 | 2005 |
|-----------------------|------|------|------|
| Average Interest Rate | 28.1 | 27.4 | 27.2 |

## RATIO OF BAD DEBT CHARGE-OFFS

(%)



|                               | 2003 | 2004 | 2005 |
|-------------------------------|------|------|------|
| Ratio of Bad Debt Charge-offs | 5.0  | 1.6  | 1.6  |

# CONSOLIDATED RESULTS OF OPERATIONS

As of March 31, 2005, the outstanding amount of loans at AIFUL and its 10 consolidated subsidiaries totaled ¥2,095,202 million (US\$19,581 million), an increase of ¥187,546 million, or 9.8%, compared with one year earlier. In addition to steady growth in loans at AIFUL, growth continued in the balance of loans extended by LIFE through credit card cash advances and at its Cash Plaza (unsecured loans) operations. BUSINEXT and City's, which extend loans to small businesses, both posted sharp growth in outstanding loans. This increase was also the result of the inclusion of loans totaling ¥95,345 million (US\$891 million) at Wide Corporation, a consumer finance company that became a consolidated subsidiary in June 2004, and loans totaling ¥9,212 million (US\$86 million) at TCM. Co. Ltd., a company undergoing bankruptcy proceedings that became a consolidated subsidiary in February 2005.

Unsecured loans increased ¥144,602 million, or 9.8%, to ¥1,622,032 million (US\$15,159 million), home equity loans (secured loans) increased ¥6,030 million, or 1.7%, to ¥352,214 million (US\$3,292 million), and small business loans increased ¥36,913 million, or 43.9%, to ¥120,956 million (US\$1,130 million). Installment accounts receivable, mainly representing purchases using credit cards and per-item credit, increased ¥29,297 million, or 11.8%, to ¥276,849 million (US\$2,587 million). Loan guarantees increased ¥7,797 million, or 5.8%, to ¥141,407 million (US\$1,322 million), and other receivables increased ¥283 million, or 2.8%, to ¥10,489 million (US\$98 million). The above figures include ¥184,027 million (US\$1,720 million) of receivables, the total of ¥99,580 million (US\$931 million) of loans and ¥84,447 million (US\$789 million) of installment accounts receivable, that are not on the balance sheet because of their securitization and sale.

## EARNINGS AND EXPENSES

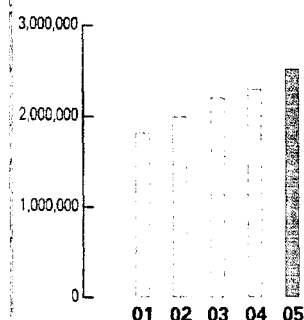
In fiscal 2004, the year ended March 31, 2005, total income increased ¥41,264 million, or 8.6%, to ¥520,737 million (US\$4,867 million). Interest on loans increased 8.6% to ¥466,430 million (US\$4,359 million), or 89.6% of total income. Interest on credit card shopping loans increased 11.7% to ¥9,091 million (US\$85 million), which was 1.7% of total income, interest on per-item shopping loans increased 10.9% to ¥17,201 million (US\$161 million), which was 3.3% of total income, and interest on loan guarantees increased 27.4% to ¥7,088 million (US\$66 million), which was 1.4% of total income, and other income increased 28.4% to ¥12,464 million (US\$116 million), which was 2.4% of total income.

The growth in total income was attributable in part to an increase of ¥3,550 million, or 1.1%, in interest on loans at AIFUL to ¥330,529 million (US\$3,089 million) and an increase of ¥10,396 million, or 9.3%, in operating revenue at LIFE to ¥121,972 million (US\$1,140 million). Growth in operating revenue at LIFE was the result of increases of ¥6,728 million, or 8.8%, to ¥83,613 million (US\$781 million) in interest on loans and ¥2,674 million, or 11.3%, in installment income to ¥26,267 million (US\$245 million). Small business loans made a significant contribution to growth in total income. Interest on loans increased ¥2,424 million, or 80.8%, to ¥5,426 million (US\$51 million) at BUSINEXT and ¥2,105 million, or 28.8%, to ¥9,413 million (US\$88 million) at City's. The results of Wide, which became a consolidated subsidiary in June 2004, have been consolidated from April 2004. Because of this, Wide contributed ¥23,312 million (US\$218 million) to total income.

Total expenses increased ¥15,636 million, or 4.2%, to ¥391,295 million (US\$3,657 million). Credit costs and provision for allowance for bad debts, advances to an unconsolidated subsidiary and claims in bankruptcy decreased ¥1,883 million, or 1.2%, to ¥155,466 million (US\$1,453 million). The decline in these credit costs was mainly due to a recovery

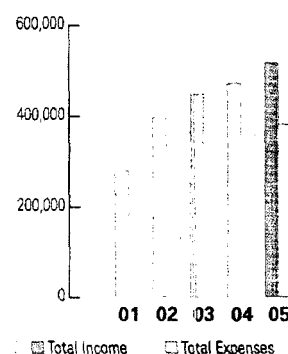
### TOTAL RECEIVABLES OUTSTANDING

(Millions of yen)



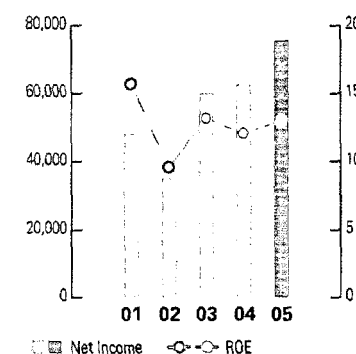
### TOTAL INCOME / TOTAL EXPENSES

(Millions of yen)



### NET INCOME / ROE

(Millions of yen / %)



in Japan's GDP and other economic statistics, a downturn in the unemployment rate, and a 12.8% decrease in fiscal 2004 personal bankruptcies in Japan to 211 thousand. The decline in credit costs was limited, however, by the inclusion of credit costs totaling ¥10,169 million (US\$95 million) at newly acquired subsidiary Wide. The March 2004 acquisition of New Frontier Partners resulted in the inclusion of ¥357 million as cost of operational investment securities.

Due to these items, income before income taxes and minority interests increased ¥25,628 million, or 24.7%, to ¥129,442 million (US\$1,210 million). AIFUL was thus the only member of Japan's consumer finance industry to achieve growth in total income and earnings in fiscal 2004, just as in fiscal 2003.

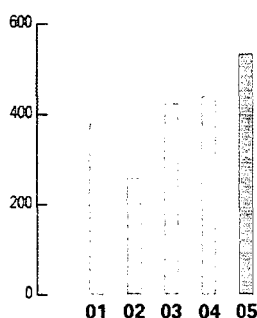
Income taxes increased ¥11,999 million, or 29.3%, to ¥53,015 million (US\$495 million). Minority interests in net income increased ¥454 million, or 181.6%, to ¥704 million (US\$7 million), primarily the result of the first fiscal year profit at BUSINEXT since this company was established in 2001.

In December 2004, the family ownership was reduced to raise the liquidity of AIFUL shares. This action meant that the retained earnings tax on closely held companies was no longer applicable to AIFUL Corporation (non-consolidated). This change, along with growth in pretax earnings, resulted in an increase of ¥13,175 million, or 21.1%, in net income to ¥75,723 million (US\$708 million). The ROA increased from 2.7% to 3.1% and the ROE increased from 12.1% to 13.0%.

Basic net income per common share increased from ¥440.65 to ¥533.57 (US\$4.99). Both figures reflect the 1-to-1.5 stock split that was conducted on May 23, 2005 for shareholders of record on March 31, 2005. Diluted net income per common share was ¥533.53 (\$4.99).

#### EPS

(Yen)



#### SEGMENT INFORMATION (MANAGED ASSETS BASIS)

Please refer to the discussion of operating results by group company for information on operating results of individual companies.

#### TOTAL RECEIVABLES OUTSTANDING

(Millions of yen)

|                            | 2004      | 2005      | % of change |
|----------------------------|-----------|-----------|-------------|
| Unsecured loans            | 1,477,430 | 1,622,032 | 9.8%        |
| Home equity loans          | 346,183   | 332,214   | 1.7%        |
| Small business loans       | 84,042    | 120,956   | 43.9%       |
| Credit card shopping loans | 71,528    | 79,623    | 11.3%       |
| Per-item shopping loans    | 185,650   | 206,348   | 11.1%       |
| Loan guarantees            | 133,610   | 141,407   | 5.8%        |

#### INCOME

(Millions of yen)

|                            | 2004    | 2005    | % of change |
|----------------------------|---------|---------|-------------|
| Unsecured loans            | 358,142 | 387,839 | 8.3%        |
| Home equity loans          | 55,022  | 56,531  | 2.7%        |
| Small business loans       | 16,348  | 22,059  | 34.9%       |
| Credit card shopping loans | 8,140   | 9,091   | 11.7%       |
| Per-item shopping loans    | 15,508  | 17,201  | 10.9%       |
| Loan guarantees            | 5,562   | 7,088   | 27.4%       |

#### Unsecured loans

Consolidated unsecured loans represent loans at AIFUL, the credit card cash advances and Cash Plaza operations of LIFE, the unsecured loans of TRYTO CORPORATION, which was formed through the April 2004 merger of Happy Credit Corporation, Sinwa Co., Ltd. and Sanyo Shinpan Co., Ltd., and the unsecured loans of Wide, which was acquired in June 2004, and TCM, which was acquired in February 2005.

Outstanding unsecured loans increased ¥144,602 million, or 9.8%, to ¥1,622,032 million (US\$15,159 million). This was mainly attributable to an increase in the average loan per account at AIFUL, an increase in the number of accounts at LIFE, and the acquisitions of Wide and TCM. The interest rate on unsecured loans increased 0.5 of a percentage point to 25.1%. Interest on unsecured loans increased ¥29,696 million, or 8.3%, to ¥387,839 million (US\$3,625 million).

### Home equity loans

These loans mainly represent the home equity loan business of AIFUL. LIFE, BUSINEXT and City's have started selling home equity loans to establish a marketing framework capable of targeting a broad spectrum of customer segments.

Home equity loans increased ¥6,030 million, or 1.7%, to ¥352,214 million (US\$3,292 million). This was primarily the result of steady growth in the balance of loans at AIFUL and the contributions of subsidiaries. The interest rate on home equity loans decreased 0.2 of a percentage point to 16.2% and interest income increased ¥1,509 million, or 2.7%, to ¥56,531 million (US\$528 million).

### Small business loans

Small business loans are extended by BUSINEXT and City's, which specialize in this business, and by AIFUL.

Outstanding loans increased ¥36,913 million, or 43.9%, to ¥120,956 million (US\$1,130 million). There was substantial growth in loans at BUSINEXT, which began using a new scoring system, and at City's, which started opening offices in eastern Japan. AIFUL also recorded an increase in business loans. The interest rate on these loans decreased 0.4 of a percentage point to 21.5% and interest income increased ¥5,711 million, or 34.9%, to ¥22,059 million (US\$206 million).

### Credit card shopping loans

Credit card shopping loans mainly represent the credit card business of LIFE. During fiscal 2004, LIFE achieved an increase of 910 thousand, or 8.3%, to 11.96 million in the active account of cardholders.

Outstanding loans increased ¥8,094 million, or 11.3%, to ¥79,623 million (US\$744 million) because of growth in the number of cardholders. The interest rate on credit card shopping loans decreased 0.1 of a percentage point to 12.3% and interest income increased ¥950 million, or 11.7%, to ¥9,091 million (US\$85 million).

### Per-item shopping loans

LIFE accounts for most of consolidated per-item shopping loans. The shopping loan market is shrinking as *shinpan* companies withdraw from this business. However, LIFE continues to take actions aimed at growth because of the potential for capturing a greater market share.

Outstanding loans increased ¥20,697 million, or 11.1%, to ¥206,348 million (US\$1,928 million) due to an increase in the number of customer accounts as LIFE formed credit agreements with more retailers. The interest rate on per-item shopping loans increased 0.3 of a percentage point to 9.0% and interest income increased ¥1,692 million, or 10.9%, to ¥17,201 million (US\$161 million).

### Loan guarantees

Consolidated loan guarantees represent the loan guarantees businesses of AIFUL and LIFE.

The volume of loans guaranteed increased ¥7,797 million, or 5.8%, to ¥141,407 million (US\$1,322 million). Guarantees at AIFUL increased ¥15,862 million, or 58.1%, to ¥43,180 million (US\$404 million) and guarantees of consumer loans increased ¥9,309 million, or 35.9%, to ¥35,267 million (US\$330 million). The number of consumer loan guarantees agreements with banks increased by nine to 41. In addition, guarantees of small business loans increased ¥6,553 million, or 482.6%, to ¥7,912 million (US\$74 million) and the number of small business loan guarantee agreements with banks increased by 25 to 32. At LIFE, the balance of loan guarantees decreased ¥2,614 million, or 3.8%, to ¥65,305 million (US\$610 million) as this company continued to discontinue low-margin bank loan guarantees while increasing the number of more profitable agreements. The interest rate improved 0.9 of a percentage point to 5.2%. Loan guarantees fees increased ¥1,525 million, or 27.4%, to ¥7,088 million (US\$66 million).

## NET INTEREST MARGIN

The net interest margin increased 0.8 of a percentage point to 5.8%. This was mainly the result of the profitability of all group companies and a decline in credit costs.

### NET MARGIN

(%)

|                                   | 2003 | 2004 | 2005 |
|-----------------------------------|------|------|------|
| Interest on loans                 | 21.4 | 21.1 | 22.4 |
| Fund procurement                  | 1.9  | 1.8  | 1.8  |
| Credit costs (including reserves) | 6.4  | 7.0  | 6.7  |
| Other expenses                    | 7.6  | 7.3  | 8.1  |
| Net margin                        | 5.5  | 5.0  | 5.8  |

## FINANCIAL POSITION

Total assets as of March 31, 2005 were ¥2,574,286 million (US\$24,059 million), ¥241,525 million, or 10.4%, higher than one year earlier.

Current assets increased ¥247,051 million, or 11.4%, to ¥2,411,120 million (US\$22,534 million). Much of this increase was due to a ¥208,682 million, or 11.7%, increase in loans to ¥1,995,622 million (US\$18,651 million). This includes loans of ¥78,345 million (US\$732 million) at Wide, which was acquired in June 2004, and ¥9,212 million (US\$86 million) in loans at TCM, which was acquired in February 2005. In addition, growth in loans continued at other group companies. Loans at AIFUL increased 1.4% to ¥1,471,767 million (US\$13,755 million), loans at LIFE increased 30.4% to ¥284,879 million (US\$2,662 million), and loans at BUSINEXT increased 72.6% to ¥47,622 million (US\$445 million), and loans at City's increased 46.3% to ¥45,673 million (US\$427 million). Installment accounts receivable increased ¥38,117 million, or 24.7%, to ¥192,402 million (US\$1,798 million), the result of growth in credit card shopping and per-item shopping loan receivables at LIFE. Aggressive marketing initiatives to expand bank loan guarantees resulted in an increase of ¥7,797 million, or 5.8%, in loan guarantees to ¥141,407 million (US\$1,322 million).

Property and equipment increased ¥2,773 million, or 6.1%, to ¥48,252 million (US\$451 million). Investments and other assets decreased ¥8,299 million, or 6.7%, to ¥114,914 million (US\$1,074 million). Investment securities increased ¥5,400 million, or 28.9%, to ¥24,116 million (US\$225 million) and claims in bankruptcy increased ¥4,875 million, or 20.6%, to ¥28,536 million (US\$267 million). These increases were offset by a ¥10,494 million, or 71.0%, decrease in deferred tax assets to ¥4,288 million (US\$40 million) and other items.

Current liabilities increased ¥55,533 million, or 6.9%, to ¥858,865 million (US\$8,027 million) and long-term liabilities increased ¥115,440

million, or 11.8%, to ¥1,092,683 million (US\$10,212 million). As a result, total liabilities increased ¥170,973 million, or 9.6%, to ¥1,951,548 million (US\$18,239 million). To fund the growth in loans and installment accounts receivable at AIFUL, LIFE and other group companies, as well as the acquisitions of Wide and TCM, the sum of loans, commercial paper, bonds and other funds procured increased 10.5% to ¥1,673,458 million (US\$15,640 million).

Shareholders' equity increased ¥69,849 million, or 12.8%, to ¥617,353 million (US\$5,770 million), mainly a reflection of higher retained earnings. The equity ratio increased 0.5 of a percentage point from 23.5% to 24.0% as of March 31, 2005.

## BAD DEBTS

Bad debt charge-offs increased ¥8,155 million, or 5.9%, to ¥145,327 million (US\$1,358 million). The allowance for bad debt increased ¥13,726 million, or 9.4%, to ¥159,483 million (US\$1,490 million).

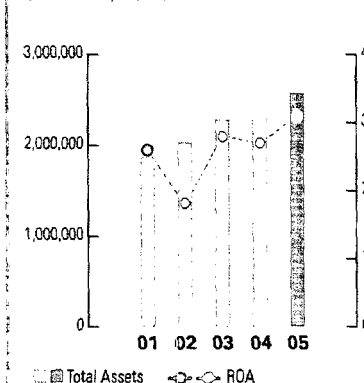
The increases in bad debt charge-offs and the allowance for bad debts are the result of credit costs at Wide and TCM, which were acquired during the fiscal year that ended in March 2005, and to growth in receivables at LIFE and other group companies. The ratio of bad debt charge-offs declined by 0.21 of a percentage point from 5.97% to 5.76% mainly because of a decline in the number of personal bankruptcies in Japan.

(Millions of yen)

|                                   | 2003    | 2004    | 2005    |
|-----------------------------------|---------|---------|---------|
| Bad debt charge-offs              | 114,485 | 137,172 | 145,327 |
| Ratio of bad debt charge-offs (%) | 5.18    | 5.97    | 5.76    |
| Allowance for bad debts           | 132,130 | 145,757 | 159,483 |

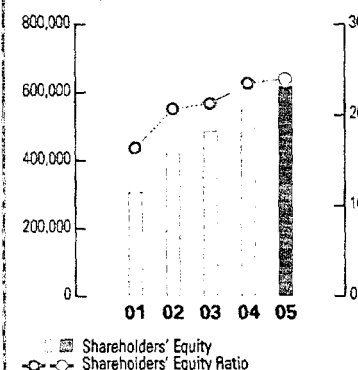
### TOTAL ASSETS / ROA

(Millions of yen / %)



### SHAREHOLDERS' EQUITY / SHAREHOLDERS' EQUITY RATIO

(Millions of yen / %)



## INVESTMENT SECURITIES

Investment securities increased ¥5,400 million, or 28.9%, to ¥24,116 million (US\$225 million). Of these investment securities, securities valued at market were ¥17,621 million, including net unrealized gains of ¥8,867 million. On a purchase cost basis, these securities increased ¥1,850 million to ¥8,754 million.

## GOODWILL, NET

Goodwill, net decreased ¥3,363 million, or 23.4%, to ¥11,007 million (US\$103 million). The basic policy is to amortize goodwill associated with the acquisition of companies using the straight-line method over a ten-year period. This expense is included in depreciation and amortization. In fiscal 2004, the amortization of goodwill totaled ¥1,940 million, the sum of ¥824 million for LIFE, ¥434 million for TRYTO (formerly Sinwa), ¥249 million for City's, and ¥437 million for Wide, which was

acquired in June 2004. Goodwill of ¥205 million resulting from the February 2005 acquisition of TCM was written off in a lump-sum during fiscal 2004.

AIFUL received loss carryforwards that can be used for tax purposes when it acquired LIFE. Due to this action, there was a one-time amortization expense of ¥3,830 million (US\$36 million) in fiscal 2004. From now on, AIFUL plans to amortize goodwill as follows.

## SCHEDULE FOR AMORTIZATION OF GOODWILL

(Millions of yen)

| (Acquisition period) (Millions of yen)<br>Figures = Goodwill when acquired (past) | Change during fiscal year<br>balance at end of fiscal year | 2004   | 2005   | 2006<br>(Plan) | 2007<br>(Plan) | 2008<br>(Plan) |
|-----------------------------------------------------------------------------------|------------------------------------------------------------|--------|--------|----------------|----------------|----------------|
| TRYTO (formerly Sinwa) (June 2000)<br>4,347                                       | Normal amortization                                        | 434    | 434    | 434            | 434            | 434            |
|                                                                                   | Year-end balance                                           | 2,608  | 2,173  | 1,739          | 1,304          | 869            |
| LIFE (March 2001)<br>32,861                                                       | Normal amortization                                        | 1,371  | 824    | 824            | 824            | 824            |
|                                                                                   | One-off amortization                                       | 5,614  | 3,830  | 0              | 0              | 0              |
|                                                                                   | Total                                                      | 6,985  | 4,654  | 824            | 824            | 824            |
|                                                                                   | Year-end balance                                           | 9,599  | 4,945  | 4,120          | 3,296          | 2,472          |
| City's (October 2002)<br>2,493                                                    | Normal amortization                                        | 249    | 249    | 249            | 249            | 249            |
|                                                                                   | Year-end balance                                           | 2,119  | 1,870  | 1,620          | 1,371          | 1,122          |
| NFP (March 2004)<br>-2,176                                                        | Normal amortization                                        | -      | -217   | -217           | -217           | -217           |
|                                                                                   | Year-end balance                                           | -      | -1,959 | -1,741         | -1,523         | -1,306         |
| Wide (June 2004)<br>4,378                                                         | Normal amortization                                        | -      | 437    | 437            | 437            | 437            |
|                                                                                   | Year-end balance                                           | -      | 3,940  | 3,502          | 3,065          | 2,627          |
| TCM (February 2005)<br>205                                                        | Normal amortization                                        | -      | 205    | -              | -              | -              |
|                                                                                   | Year-end balance                                           | -      | 0      | -              | -              | -              |
| Total                                                                             | Total amortization                                         | 7,675  | 5,770  | 1,734          | 1,734          | 1,734          |
|                                                                                   | Total year-end balance                                     | 14,370 | 11,007 | 9,272          | 7,538          | 5,803          |

## LIQUIDITY AND CAPITAL RESOURCES

### FUND PROCUREMENT POLICY

The AIFUL Group uses a variety of fund procurement methods and sources in order to procure funds in a manner that is stable and holds down expenses. The Group adjusts the composition of funds procured as required to match changes in the financial environment while monitoring interest rate, liquidity and other forms of market risk.

### INTEREST RATE HEDGES

To minimize exposure to risks associated with interest rate movements, AIFUL Group has a policy of using interest rate swaps, caps and other methods to apply fixed interest rates to about 80% of all funds procured on a non-consolidated basis. As of March 31, 2005, fixed-rate loans accounted for 47% of non-consolidated funds procured. However, the effective fixed-rate percentage is 82% after accounting for interest rate caps and swaps, significantly reducing the Group's exposure to the effects of interest rate fluctuations.

### PRESERVATION OF LIQUIDITY

To maintain adequate liquidity on a non-consolidated basis, AIFUL maintains an amount equal to more than half of short-term funds procured, including the current portion of long-term debt, in the form of cash, deposits and credit facilities. As of March 31, 2005, credit facilities amounted to ¥230 billion on a non-consolidated basis. Including a ¥50 billion credit facility at LIFE, the consolidated credit facility is ¥280 billion. Regarding direct and indirect procurement methods, the Group uses long-term repayment schedules for loans and spreads out its repayment deadlines.

### SHORT- AND LONG-TERM BORROWINGS

|                         | (Millions of yen) |           |           |
|-------------------------|-------------------|-----------|-----------|
|                         | 2003              | 2004      | 2005      |
| Short-term borrowings   | 68,865            | 62,034    | 71,695    |
| Borrowings              | 55,365            | 57,034    | 71,695    |
| Commercial paper        | 13,500            | 5,000     | —         |
| Long-term borrowings    | 1,693,494         | 1,673,367 | 1,793,712 |
| Borrowings              | 887,734           | 917,729   | 1,051,380 |
| Straight bonds          | 452,000           | 455,000   | 476,890   |
| Asset-backed securities | 353,759           | 300,637   | 263,441   |

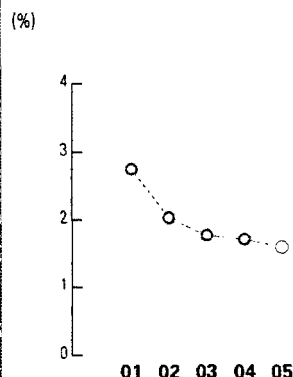
### FUND PROCUREMENT AND DIVERSIFICATION

The Japanese government's low-interest-rate policy continues to create an environment conducive to the smooth procurement of funds. From the standpoints of the stability and cost of fund procurement, the Group's target is to use direct (financial market) procurement for 50% of funds and loans for the remainder. As of March 31, 2005, direct procurement accounted for 38.9% of non-consolidated funds procured and 39.8% of consolidated funds procured. The Group employs a variety of fund-raising methods, including loans, syndicated loans, bonds, commercial paper, the sale of asset-backed securities, and other means. In February 2005, fund procurement channels were further diversified with the sale of US\$500 million of U.S. dollar-denominated unsecured bonds with a maturity of five years.

### CASH FLOWS

Net cash used in operating activities increased from ¥42,735 million to ¥63,409 million (US\$593 million). Income before income taxes and minority interests was ¥129,442 million (US\$1,210 million), but cash was used for the increase in loans, increase in installment accounts receivable and other items. Net cash used in investing activities was ¥11,211 million (US\$105 million) compared with net cash provided of ¥6,371 million one year earlier. Payments to purchase companies were the main reason for the difference. Net cash provided by financing activities increased from ¥3,097 million to ¥90,318 million (US\$751 million) because proceeds from long-term debt and short-term borrowings exceeded repayments. The net result of these cash flows was a ¥10,636 million increase in cash and cash equivalents to ¥108,965 million (US\$1,018 million).

### AVERAGE RATE OF BORROWINGS



## ROA, ROE AND SHAREHOLDERS' EQUITY

As of March 31, 2005, AIFUL's non-consolidated equity ratio was 28.7% and the asset-equity ratio was 3.6. The non-consolidated ROA was 3.4% and the ROE was 12.2%.

At LIFE, the equity ratio was 14.4%, asset-equity ratio about seven times, the ROA 1.3% and the ROE 9.5%.

On a consolidated basis, the equity ratio was 24.0%, asset-equity ratio 4.2, the ROA 3.1% and the ROE 13.0%.

At other large Japanese consumer finance companies, the equity ratio is generally between 40% and 50% and asset-equity ratio is between 2 and 2.5. Since the ROA is about the same for all consumer finance companies, AIFUL is able to generate a higher ROE because of its greater asset-equity ratio, thereby using capital more productively.

On a non-consolidated basis, AIFUL is highly profitable but faces demands by rating agencies for a higher equity ratio because of the poor public image of the consumer finance business in Japan. Credit card companies, on the other hand, do not have this image problem, and are thus not asked to maintain high equity ratios. Consequently, the Group's fundamental capital policy and financial strategy are to increase the consolidated ROE in order to use capital more productively.

Unsecured consumer loans have a higher profit margin than any other category of retail financial services. However, the growth potential of this market is not unlimited. By using LIFE to expand in the credit card business, the AIFUL Group is both increasing operating assets and increasing returns on capital.

## CAPITAL PRODUCTIVITY AT JAPAN'S MAJOR FOUR CONSUMER FINANCE COMPANIES

Fiscal 2004

|                                                                | AIFUL | Fakeful | Acom  | Sumitomo |
|----------------------------------------------------------------|-------|---------|-------|----------|
| ROA (non-consolidated)                                         | 3.4%  | 3.5%    | 4.2%  | 4.1%     |
| ROE (non-consolidated)                                         | 12.2% | 7.2%    | 10.7% | 9.7%     |
| ROA (consolidated)                                             | 3.1%  | 3.6%    | 3.9%  | 4.3%     |
| ROE (consolidated)                                             | 13.0% | 7.4%    | 10.4% | 10.5%    |
| Asset-equity ratio (consolidated)                              | 4.2x  | 2.1x    | 2.7x  | 2.4x     |
| Asset-equity ratio (non-consolidated)                          | 3.6x  | 2.1x    | 2.5x  | 2.4x     |
| Rating (S&P)                                                   | BBB   | BBB     | BBB+  | BBB+     |
| Equity ratio (consolidated)                                    | 24.0% | 50.5%   | 41.6% | 44.5%    |
| Total shareholders' equity (consolidated)<br>(Billions of yen) | 617   | 960     | 863   | 793      |
| Total assets (consolidated)<br>(Billions of yen)               | 2,574 | 1,903   | 2,077 | 1,785    |

## DIVIDEND POLICY

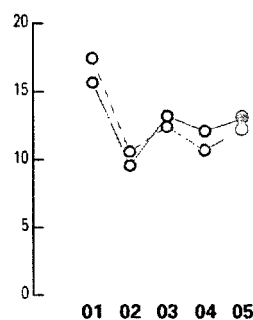
At the annual meeting held on June 24, 2005, shareholders approved a resolution to pay a year-end ordinary dividend of ¥30 per share. As an interim dividend per share of ¥30 has been paid, this resulted in an annual dividend of ¥60 per share applicable to fiscal 2004.

The fundamental dividend policy of AIFUL is to aggressively and continuously return earnings to shareholders based on operating results as well as economic and financial trends. Based on this policy, AIFUL aims to return earnings to shareholders and maximize shareholder value by sustaining earnings growth over the long term.

Retained earnings are used to fund loans as well as investments required by growth strategies, including mergers and acquisitions that enlarge the Group's base of operations. The Group will reinvest retained earnings so as to meet the expectations of shareholders by improving operating results and raising efficiency. A 1-to-1.5 stock split was conducted on May 23, 2005.

### ROE (CONSOLIDATED / NON-CONSOLIDATED)

(%)



—●— Consolidated —○— Non-consolidated

# NON-CONSOLIDATED RESULTS OF OPERATIONS

## AIFUL Corporation

### OVERVIEW

Outstanding loans increased steadily at AIFUL during fiscal 2004 as the company pursued a diversification strategy centered on unsecured loans, as well as on home equity loans (secured loans) and small business loans, to meet a broader range of customer needs. To diversify channels for attracting customers, AIFUL expanded the loan guarantees business through alliances with banks and other partners, strengthened the Internet cash advance service and took other steps to offer products that target customer needs.

Outstanding loans at AIFUL increased 1.4% to ¥1,471,767 million (US\$13,755 million). The number of accounts decreased 1.4% to 2,214 thousand, a reflection of a decrease in new customers. The average loan per account increased 2.8% to ¥664 thousand.

Total income increased ¥6,933 million, or 2.0%, to ¥347,157 million (US\$3,244 million). This was mainly due to a ¥3,550 million, or 1.1%, increase to ¥330,529 million (US\$3,089 million) in interest on loans and increases in interest on deposits, securities and other and in other income.

Outstanding unsecured loans increased 1.2% to ¥1,093,663 million (US\$10,221 million) and interest on these loans increased 0.4%, to ¥266,930 million. Outstanding home equity loans increased 0.7% to ¥345,180 million (US\$3,226 million) and interest increased 2.2% to ¥55,875 million. Outstanding small business loans increased 17.8% to ¥32,924 million (US\$308 million) and interest increased 21.5% to ¥7,722 million.

Expenses decreased ¥7,872 million, or 3.2%, to ¥234,391 million (US\$2,191 million). The decrease was primarily the result of a 10.8% decrease in charge-offs and provision for doubtful loans to ¥97,385 million (US\$910 million) because of a 12.8% decline in personal bankruptcies in Japan to 211 thousand, the first downturn in 10 years.

Income before income taxes increased 15.1% to ¥112,766 million (US\$1,054 million). Income taxes increased 1.3% to ¥45,465 million (US\$425 million), including an adjustment for the adoption of tax effect accounting. However, income taxes, current decreased 11.1% to ¥39,914 million (US\$373 million) because retained earnings were no longer taxable following changes in family ownership that occurred in December 2004. The result was a 26.8% increase in net income to ¥67,301 million (US\$629 million).

Amounts per common share have been adjusted to reflect the 1-to-1.5 stock split conducted on May 23, 2005. On this basis, basic net income per common share increased from ¥373.88 to ¥474.13 (US\$4.43). Diluted net income per common share was ¥474.09 (US\$4.43).

ROA increased from 2.8% to 3.4% and ROE increased from 10.7% to 12.2%.

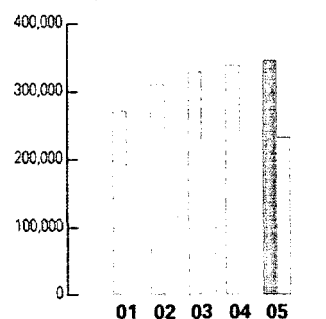
### SEGMENT INFORMATION

#### Unsecured loans

In fiscal 2004, the number of new loan applications decreased 2.4% to 541 thousand and the number of new loans decreased 3.4% to 343 thousand. These declines reflect weakness in personal incomes and a tightening of credit standards in response to growth in credit costs. The annual acceptance ratio, which is the number of new loans divided by the number of new loan applications, decreased by 0.7 of a percentage point to 63.4%. However, AIFUL retained its leading position among Japanese consumer finance companies in the number of loan applications. Contributing to this

#### TOTAL INCOME / TOTAL EXPENSES (AIFUL)

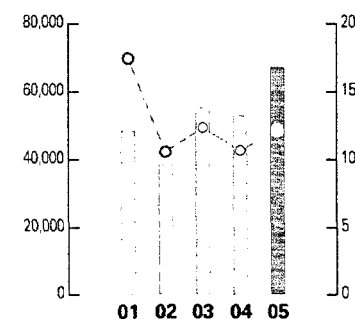
(Millions of yen)



■ Total Income □ Total Expenses (AIFUL)

#### NET INCOME / ROE (AIFUL)

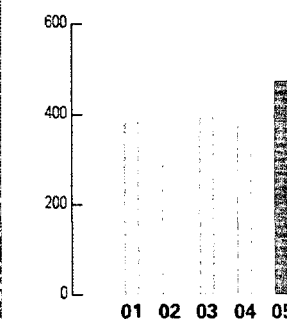
(Millions of yen / %)



■ Net Income ◆ ROE

#### EPS (AIFUL)

(Yen)



performance was the Company's highly effective marketing activities, including TV commercials that consistently earn high ratings.

Due to the need to offer lower interest rates to capture business from creditworthy customers, a highly competitive market segment, and to the rising share of larger loans, the average yield on unsecured loans decreased 0.2 of a percentage point to 24.6% and the average loan per account increased 3.1% to ¥522 thousand (US\$4,879).

Total unsecured loans outstanding increased 1.2% to ¥1,093,663 million (US\$10,221 million) and the number of unsecured loan accounts as of March 31, 2005 was 2,091 thousand, a decrease of 1.9%.

### Home equity loans (secured loans)

New home equity loan customers are mainly individuals that already have an unsecured loan. In fiscal 2004, the downturn in unsecured loan new customers severely impacted home equity loans, bringing down applications by 5.2% to 31 thousand and reducing the number of new customers by 3.4% to 23 thousand. AIFUL continued to adhere to a lending policy that stresses safety. For example, about 56% of home equity loans to new customers are first mortgages and more than 80% of new loans are limited to less than 75% of appraised collateral value. Compared with new entrants to the home equity loan market, including foreign companies, AIFUL is far superior in terms of training employees to sell secured loans, property appraisal skills gained over many years, the head office credit investigation infrastructure, and other aspects of operations.

As of March 31, 2005, outstanding home equity loans were ¥345,180 million (US\$3,226 million), 0.7% more than one year earlier. The number of accounts increased 5.0% to 98 thousand as AIFUL continued to differentiate itself from competitors and establish a base for stable growth. The average yield on home equity loans decreased 0.2 of a

percentage point to 16.3% and the average loan per account decreased 4.0% to ¥3,499 thousand (US\$32,701).

### Small business loans

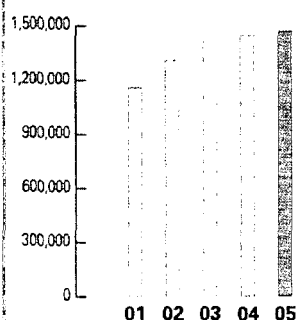
Small business loans are the third major loan business of AIFUL, along with unsecured loans and home equity loans. AIFUL extends loans mainly to individuals who operate businesses. The average loan per account is a comparatively low ¥1,323 thousand (US\$12,364). AIFUL offers several types of loans to meet the fundraising needs of small businesses. Business loans include the business loan with guarantor, which allows businesses to obtain supplementary financing, and loans for creditworthy small businesses, and require no collateral or guarantees. In fiscal 2004, new applications increased 32.8% to 22 thousand and new loans increased 10.8% to 9 thousand. As of March 31, 2005, outstanding small business loans amounted to ¥32,924 million (US\$308 million), 17.8% more than one year earlier. The number of accounts increased 17.4% to 24 thousand and the average yield improved 0.1 of a percentage point to 25.4%.

### Loan guarantees

In the loan guarantees business, AIFUL receives fees for screening loans extended by banks to individuals and small businesses, as well as for monitoring these loans after they have been extended. As of March 31, 2005, AIFUL had guarantees for loans totaling ¥43,180 million (US\$404 million), an increase of ¥15,862 million, or 58.1%, compared with one year earlier. There were consumer loan guarantees agreements with 41 financial institutions and loan guarantees totaling ¥35,267 million (US\$330 million), 35.9% more than one year earlier. For small business loan guarantees, a business started in earnest only one year ago, there were 32 agreements and loan guarantees totaling ¥7,912 million (US\$74 million), 482.4% more than one year earlier.

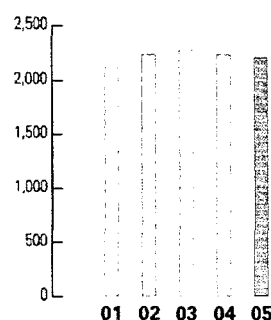
#### LOANS OUTSTANDING (AIFUL)

(Millions of yen)



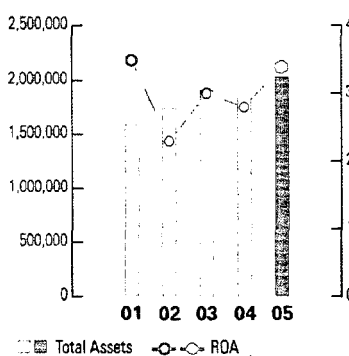
#### NUMBER OF ACCOUNTS (AIFUL)

(Thousands)



#### TOTAL ASSETS / ROA (AIFUL)

(Millions of yen / %)



## FINANCIAL CONDITION

As of March 31, 2005, total assets were ¥2,033,547 million (US\$19,005 million), ¥163,471 million, or 8.7%, more than one year earlier. Current assets increased ¥3,348 million, or 0.2%, to ¥1,504,048 million (US\$14,057 million), property and equipment decreased ¥1,149 million, or 3.9%, to ¥28,495 million (US\$266 million), and investments and other assets increased ¥161,272 million, or 47.5%, to ¥501,004 million (US\$4,682 million).

The major reasons for the growth in current assets were a ¥7,081 million, or 11.7%, increase in cash and cash equivalents to ¥67,457 million (US\$630 million) and a ¥20,129 million, or 1.4%, increase in loans to ¥1,471,767 million (US\$13,755 million). The increase in investments and other assets was mostly attributable to a ¥158,026 million, or 58.1%, increase in investments in and advances to subsidiaries to ¥429,978 million (US\$4,018 million).

Current liabilities increased ¥29,479 million, or 6.3%, to ¥498,285 million (US\$4,657 million) and long-term liabilities increased ¥72,589 million, or 8.3%, to ¥950,954 million (US\$8,887 million). Both increases were mainly a reflection of an increase of ¥104,886 million, or 8.2%, to ¥1,388,615 million (US\$12,978 million) in short-term borrowings and long-term debt, including the current portion.

Shareholders' equity increased ¥61,403 million, or 11.7%, to ¥584,308 million (US\$5,461 million). The equity ratio rose 0.7 of a percentage point from 28.0% to 28.7%.

## BAD DEBTS

As of March 31, 2005, bad debts amounted to ¥128,663 million (US\$1,202 million), ¥10,778 million, or 9.1%, more than one year earlier.

Credit costs decreased ¥11,836 million, or 10.8%, to ¥97,385 million (US\$910 million) and charge-offs and provision for doubtful loans, advances

to subsidiary and claims in bankruptcy decreased ¥682 million, or 0.7%, to ¥90,316 million (US\$844 million). The allowance for bad debt was ¥81,928 million (US\$766 million) as of March 31, 2005.

## BAD DEBT

(Millions of yen)

|                                                                                                 | 2003   | 2004    | 2005    |
|-------------------------------------------------------------------------------------------------|--------|---------|---------|
| Loans in legal bankruptcy                                                                       | 20,339 | 26,108  | 28,145  |
| Nonaccrual loans                                                                                | 31,834 | 42,141  | 48,221  |
| Accruing loans contractually past due three months or more as to principal or interest payments | 11,217 | 12,376  | 12,101  |
| Restructured loans                                                                              | 32,517 | 37,260  | 40,196  |
| Total                                                                                           | 95,908 | 117,885 | 128,663 |

The portion of charge-offs that exceeded the allowance for doubtful loans and receivables at beginning of fiscal year was recorded as a loss on direct charge-offs on the income statement. The provision for doubtful loans and receivables, on the other hand, represents an expense for expected bad debts in the following fiscal year. Therefore, operating results in each fiscal year are affected by the sum of direct charge-offs and the provision for doubtful loans.

(Millions of yen)

|                                                                                               | 2003   | 2004    | 2005   |
|-----------------------------------------------------------------------------------------------|--------|---------|--------|
| Allowance for bad debt at beginning of fiscal year                                            | 58,689 | 70,479  | 81,693 |
| Bad debt charge-offs                                                                          | 74,598 | 90,998  | 90,316 |
| Direct charge-offs                                                                            | 15,892 | 9,352   | 9,549  |
| Allowance for bad debt                                                                        | 70,479 | 99,871  | 87,835 |
| Charge-offs and provision for doubtful loans, advances to subsidiary and claims in bankruptcy | 90,725 | 109,221 | 97,385 |

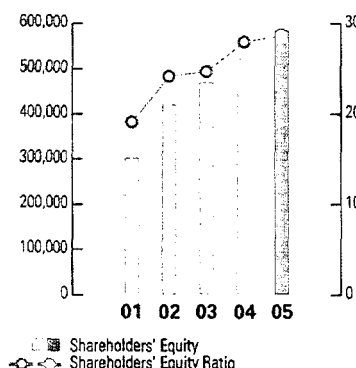
There are three categories of bad debt charge-off timetables. Receivables from bankrupt borrowers are charged off immediately, receivables from borrowers who have disappeared or died are written off after six months, and receivables from borrowers who cannot service their loans are written off after one year. For unsecured loan charge-offs, bankruptcy decreased 6.4 percentage points to 40.8% of all charge-offs, borrowers who have disappeared or died accounted for 29.4% of charge-offs, a decrease of 0.1 of a percentage point, and borrowers who cannot service their loans increased 6.5 percentage points to 29.8% of all charge-offs.

(%)

|                     | 2004 | 2005 | % of charge |
|---------------------|------|------|-------------|
| Bankrupt            | 47.2 | 40.8 | -6.4        |
| Disappeared or died | 29.5 | 29.4 | -0.1        |
| Nonperforming       | 23.3 | 29.8 | 6.5         |

## SHAREHOLDERS' EQUITY / SHAREHOLDERS' EQUITY RATIO (AIFUL)

(Millions of yen / %)



## LIFE Co., Ltd.

### OVERVIEW (MANAGED ASSET BASIS)

LIFE is engaged in a number of highly profitable businesses, including credit card shopping, credit card cash advances and consumer loans. This company is gradually withdrawing from auto loans, housing loans and other low-margin businesses in a move to build a more profitable portfolio of receivables.

As of March 31, 2005, total receivables outstanding were ¥751,553 million (US\$7,024 million), an increase of ¥49,351 million, or 7.0%, compared with one year earlier. Credit card shopping receivables increased ¥8,114 million, or 11.3%, to ¥79,622 million (US\$744 million). Per-item shopping loans increased ¥20,982 million, or 11.3%, to ¥206,245 million (US\$1,928 million), credit card cash advances increased ¥6,481 million, or 3.2%, to ¥209,300 million (US\$1,956 million), and unsecured loans (Cash Plaza) receivables increased ¥22,087 million, or 16.3%, to ¥157,630 million (US\$1,473 million).

LIFE continued to make progress in reducing the scale of low-margin businesses that are being discontinued. In addition to reducing the auto loan balance to zero, LIFE reduced partner loan receivables by ¥1,310 million, or 52.3%, to ¥1,194 million (US\$11 million) and housing loan receivables declined ¥4,140 million, or 11.5%, to ¥31,726 million (US\$297 million).

Due to the above items, operating revenue increased ¥10,143 million, or 8.9%, to ¥123,881 million (US\$1,158 million) and operating income increased ¥4,443 million, or 36.8%, to ¥16,524 million (US\$154 million). Net income fell ¥5,452 million, or 33.8%, to ¥10,679 million (US\$100 million), which reflects the effect of losses carried forward for tax purposes since LIFE was acquired by AIFUL.

### SEGMENT INFORMATION

#### Credit cards

As the credit card business is the most important element of LIFE's operations, efforts continued to focus on increasing the number of cardholders, which represent the operating base for this business. In a move to increase the number of member stores, an affinity card alliance was formed with Fujita Corporation, a general retailer that operates mainly in Gunma Prefecture. In addition, LIFE provided support to existing alliance partners, resulting in growth in cardholders at apparel retailer Aoyama Capital Co., Ltd, consumer electronics retailer DEODEO Corporation, EIDEN Co., Ltd., home improvement center operator Komeri Co., Ltd. and other companies. The number of new affinity credit card customers decreased 2.6% to 2,086 thousand, but remained over the 2 million level. The LIFE Proper Card was supported by the April 2004 introduction of a

new visual identity along with a new advertising campaign. Due to aggressive promotions, 207 thousand cards were issued to new customers, 7.8% more than a year earlier, resulting in 17.1 million LIFE Proper Cards as of March 31, 2005. As a result, the total number of credit card holders increased 884 thousand, or 8.0%, to 11,916 thousand.

Due to the increase in cardholders, shopping charge volume increased 17.3% to ¥373,130 million (US\$3,487 million) and cash advance volume decreased 0.5% to ¥224,184 million (US\$2,095 million). The balance of installment receivables increased 11.3% to ¥79,622 million (US\$744 million) for credit card shopping and increased 3.2%, to ¥209,300 million (US\$1,956 million) for loans (cash advances). The average yield on shopping receivables increased 0.3 of a percentage point to 9.8% and the average yield on cash advance receivables decreased 0.4 of a percentage point to 23.4%.

#### Per-item shopping loans

The volume of transactions increased ¥21,239 million, or 15.8%, to ¥155,752 million (US\$1,456 million) and receivables outstanding increased ¥20,982 million, or 11.3%, to ¥206,245 million (US\$1,928 million). Demand for this type of credit is expected to continue to fall as credit cards account for a higher share of purchases relative to cash. However, LIFE is aggressively developing this business based on a conviction that there is still considerable potential to grow in this business because of its low market share. LIFE has been taking steps to conduct more effective per-item shopping loan sales activities. For example, branch offices have authority to make decisions within certain fee bands, clear standards have been set for profitability of transactions with each affiliated store, and administrative processes have been centralized. Due to these actions, the number of affiliated stores increased 4,725, or 5.2%, to 95,281. The average yield on receivables improved by 0.3 of a percentage point to 9.5%, a reflection of a review of unfavorable contract terms with certain affiliated stores and a policy of avoiding the practice of offering per-item shopping loans at fees that are below cost.

#### Loan guarantees

During fiscal 2004, LIFE continued to reduce guarantees of bank loans under the previous system, which was unprofitable, instead concentrating on new bank loan guarantees agreements that mainly target consumer loans. As a result, the balance of bank loan guarantees under the previous system decreased 14.6%, to ¥41,258 million (US\$386 million) while the balance of bank loan guarantees under the new system increased 22.7%, to ¥24,046 million (US\$225 million). The total balance of loan guarantees thus decreased 3.8%, to ¥65,305 million (US\$610 million). With regard to the new bank loan guarantees, measures were taken to increase the volume of consumer loan guarantees products, which have advantageous fee structures. New agreements were established with 38 banks, raising to 103 the number of banks that use LIFE loan guarantees. The average yield improved 0.6 of a percentage point to 4.0%.

### LIFE Cash Plaza (unsecured loans)

LIFE issues cashing cards similar to those of consumer finance companies that are used exclusively for the provision of unsecured loans through its cash plazas. During fiscal 2004, AIFUL's expertise was used to open more plazas in prime locations, resulting in a net increase of six offices to 204. The result was an increase of 16.1% in the number of new loans to 95 thousand. Strong growth in loans outstanding continued, with the balance rising ¥22,087 million, or 16.3%, to ¥157,630 million (US\$1,473 million). The average yield on loans decreased 0.5 of a percentage point to 24.9% because lower interest rates were offered to existing customers and competitive pressure.

### BAD DEBTS

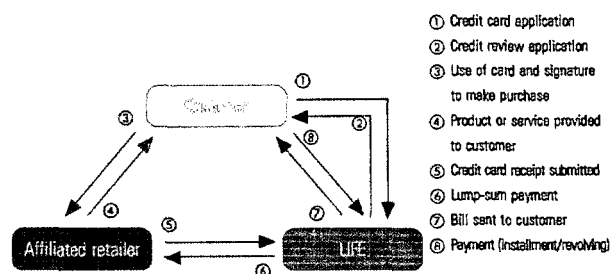
During fiscal 2004, bad debt charge-offs increased ¥1,092 million, or 3.1%, to ¥36,658 million (US\$343 million) and the allowance for bad debts increased ¥3,225 million, or 9.2%, to ¥38,358 million (US\$358 million).

(Millions of yen)

|                               | 2003   | 2004   | 2005   |
|-------------------------------|--------|--------|--------|
| Bad debt charge-offs          | 30,190 | 35,566 | 36,658 |
| Ratio of bad debt charge-offs | 4.47   | 5.06   | 4.88   |
| Allowance for bad debts       | 32,796 | 35,132 | 38,358 |

### 1. CREDIT CARD SHOPPING LOANS

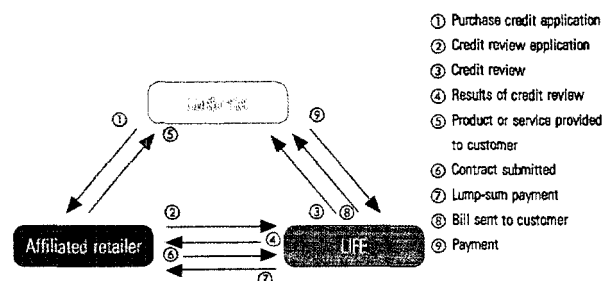
LIFE's cards allow consumers to use credit to shop at or get cash advances from affiliated retailers and merchants that accept MasterCard, JCB, or Visa cards. Unlike shopping, credit cards involve a credit check only at the time they are issued and not at each time of purchase. They are also convenient because consumers can freely make purchases up to their credit limits, and attractive since they include a host of card member services. LIFE's credit cards include ones issued with partner companies, which benefit from added convenience for their customers, improved customer management capabilities, and another way to promote sales.



### 2. PER-ITEM SHOPPING LOANS

Under this system, consumers without credit cards or the required cash are able to purchase the goods they want with financing from LIFE. Credit reviews are conducted at the time of purchase.

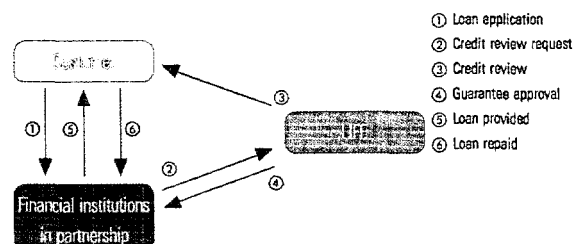
Consumers can choose to make a one-time payment, installment payments, or payments out of future bonuses, depending on whichever financing option fits their lifestyle. The system is also attractive to affiliated retailers since LIFE services the loans, thereby freeing the retailers from customers' credit risk and allowing them to streamline their operations.



### 3. LOAN GUARANTEES

Under this system, LIFE conducts credit reviews on behalf of partner financial institutions that provide financing to customers, and guarantees the financing.

This system allows banks to quickly provide their customers with unsecured loans, with the help of LIFE's scoring system. At the same time, banks can minimize their credit risks and benefit from having another source of stable earnings. LIFE's expertise comes heavily into play in the credit guarantee business, which requires strong risk-management capabilities based on access to a voluminous amount of consumer credit information and the ability to manage customers' credit.



## Other subsidiaries

### CONSUMER CREDIT OPERATIONS

Happy Credit, Sinwa and Sanyo Shinpan merged on April 1, 2004 to form TRYTO CORPORATION. Receivables decreased ¥234 million, or 0.4%, to ¥58,121 million (US\$543 million) due to the establishment of tighter credit standards to prevent an increase in credit costs. Operating revenue decreased 7.2% to ¥14,539 million (US\$136 million) and ordinary income increased 103.7% to ¥2,807 million (US\$26 million). Earnings rose despite the lower revenue mainly because of a 27.4% decrease in credit costs to ¥5,749 million (US\$54 million).

Note: All year-on-year comparisons for TRYTO are based on the sum of revenue and earnings of its three predecessor companies in the prior fiscal year.

In June 2004, AIFUL acquired Wide Corporation, a second-tier consumer finance company operating mainly in the Kanto area of Japan, which is centered in Tokyo. Receivables totaled ¥95,345 million (US\$891 million) as of March 31, 2005 and operating revenue was ¥23,849 million (US\$223 million) for the year that ended in March 2005. To conform to the same bad debt charge-offs and reserve standards as at AIFUL, Wide recorded ¥10,169 million (US\$95 million) of credit costs based on a conservative evaluation of receivables. Despite this expense, ordinary income was ¥1,692 million (US\$16 million).

In February 2005, AIFUL acquired TCM Co. Ltd., a company that is undergoing bankruptcy proceedings. This company operates mainly in Nagano Prefecture. Only the balance sheet of TCM has been included in the fiscal 2004 consolidated financial statements of AIFUL. As of March 31, 2005, TCM had receivables totaling ¥9,212 million (US\$86 million).

On March 30, 2005, AIFUL concluded a final agreement to purchase all outstanding shares of Passkey Co., Ltd., which operates in Hokkaido.

### SMALL BUSINESS LOANS

#### BUSINEXT CORPORATION

BUSINEXT CORPORATION, a joint venture with The Sumitomo Trust & Banking Co., Ltd., started operations in April 2001 with the remit of extending small business loans to moderate-risk borrowers. In April 2004, BUSINEXT completed two scoring systems based on data covering the past three years of operations. These systems were used to rapidly increase loans to individual proprietorships and companies. In addition,

BUSINEXT opened an office in Nagoya in September 2004 and in Sendai in March 2005, raising its office network to four locations. The result was a ¥20,030 million, or 72.6%, increase in receivables to ¥47,622 million (US\$445 million), allowing BUSINEXT to extend its record of rapid growth. Furthermore, operating revenue increased ¥2,431 million, or 80.6%, to ¥5,445 million (US\$51 million) and ordinary income was ¥633 million (US\$6 million), the first time the company has been profitable in terms of ordinary income.

#### City's Corporation

AIFUL acquired City's, which extends high-risk business loans, in October 2002. To extend its service area, City's opened 12 offices during fiscal 2004, raising its network to 50 locations. The new offices gave the company its first presence in the Tohoku region (northeastern Honshu) and Hokkaido. Previously, the company's operations were located mainly in the Tokyo area and regions of Japan to the west of Tokyo. Due to this expansion, receivables increased ¥14,459 million, or 46.3%, to ¥45,673 million (US\$427 million) and operating revenue increased 29.2%, to ¥9,579 million (US\$90 million). Operating expenses rose 59.8% to ¥6,985 million (US\$65 million) because of the cost of the new offices and other up-front expenses to support growth. As a result, ordinary income was down 15.2% to ¥2,585 million (US\$24 million).

### OTHER

#### AsTry Loan Services Corporation

AsTry is a debt servicer that was established by AIFUL and Aozora Bank in November 2001. In fiscal 2004, this company purchased receivables totaling ¥8,039 million (US\$75 million) on a book-value basis. Operating revenue increased 167.8% to ¥1,751 million (US\$16 million) and ordinary income increased 3,647.3% to ¥162 million (US\$2 million).

#### New Frontier Partners Co., Ltd.

AIFUL acquired Kokusai Capital Co., Ltd., a venture capital company, on March 31, 2004 and renamed the company New Frontier Partners in July 2004. By adding to its group a company with considerable expertise in the venture capital field, AIFUL plans to acquire know-how in making investments, a new means for the Group to provide funds to businesses. This will enable the Group to assist small and midsize companies as well as promising new companies by providing funds as either loans or investments. In fiscal 2004, operating revenue was ¥1,060 million (US\$10 million) and ordinary income was ¥130 million (US\$1 million).

## OUTLOOK

In the fiscal year ending in March 2006, the outlook is for a gradual improvement in the Japanese economy as a recovery continues in the GDP growth rate and other macroeconomic statistics. In the consumer finance industry, the number of personal bankruptcies in fiscal 2005 is expected to decline further following the substantial 12.8% drop to 211 thousand in these bankruptcies in fiscal 2004. In this environment, the AIFUL Group believes that it can generate stable earnings backed by steady growth in the volume of receivables along with a projected decline in credit costs.

On a non-consolidated basis, AIFUL plans to increase receivables based on the belief that the level of credit costs has passed its peak. The company is thus forecasting a 3.5% increase in receivables to ¥1,523,860 million (US\$14,242 million). This includes a 3.6% increase in unsecured loans to ¥1,133,005 million (US\$10,589 million), a 0.9% increase in home equity loans to ¥348,154 million (US\$3,254 million) and a 29.7% increase in small business loans to ¥42,700 million (US\$399 million). AIFUL is projecting a 6.1% increase to 364 thousand in the number of new unsecured loans. AIFUL will continue to increase the number of "Suguwaza" simple auto contract machines, a relatively new channel for serving customers. In fiscal 2005, AIFUL had originally planned to increase from seven to 50 the number of offices using these machines. However, in the interest of increasing service channels to attract more customers, the decision was made at the end of the first quarter of fiscal 2005 to raise the target to 250 offices using auto contract machines by the end of March 2006.

Regarding fund procurement, AIFUL expects a further improvement in the terms for funds procured on a non-consolidated basis but is aware of the possibility that interest rates will rise. Accordingly, the Company has adopted a fund procurement plan based on the conservative assumptions that the average interest rate on loans will rise 0.58 of a percentage point from 1.66% to 2.24% and that the average interest rate on funds procured from securities markets will be largely unchanged, rising from 1.69% to 1.70%. The overall outlook is therefore for an increase in the average interest rate on funds procured of 0.33 of a percentage point from 1.67% to 2.00% in March 2005.

Based on this outlook, AIFUL is forecasting a 2.6% increase in non-consolidated operating revenue to ¥349,578 million (US\$3,267

million), a 7.5% increase in ordinary income to ¥121,000 million (US\$1,131 million), and a 10.5% increase in net income to ¥74,351 million (US\$695 million).

LIFE will continue to strengthen ties with current joint credit card partners, such as Aoyama Capital Co., Ltd, consumer electronics retailer DEODEO Corporation, EIDEN Co., Ltd., home improvement center operator Komeri Co., Ltd. and other companies, while forming more joint card alliances. In a new development, LIFE, in December 2004, formed a credit card agreement with THE HIGASHI-NIPPON BANK, LIMITED for the issuance of the Bank Alliance Card. This card functions as a cash card as well as a LIFE Card that can be used as a credit card and to receive cash advances. This multi-functional card is expected to attract a broader range of customers for LIFE.

Based on these strategies, plans for the fiscal year ending March 31, 2006 call for the issuance of 2,184 thousand new credit cards; an increase of 12.5% in shopping charge volume to ¥419,629 million; and an increase of 8.0% in cash advance volume to ¥242,109 million.

Based on this outlook, LIFE is forecasting a 9.3% increase in operating revenue to ¥135,458 million (US\$1,266 million), a 27.1% increase in ordinary income to ¥21,000 million (US\$196 million), and a 14.9% increase in net income to ¥12,265 million (US\$115 million).

In the small business loan category, BUSINEXT and City's both plan to continue the rapid growth in their receivables. By continuing to make effective use of the scoring system completed in 2004, BUSINEXT plans to raise receivables ¥21,894 million, or 46.0%, to ¥69,516 million (US\$650 million). This is expected to raise operating revenue 56.4% to ¥8,517 million (US\$80 million) and ordinary income 116.7% to ¥1,372 million (US\$13 million). City's, which plans to open more new offices to extend its geographic coverage, is forecasting a ¥24,366 million, or 53.3%, increase in receivables to ¥70,039 million (US\$655 million). City's thus plans to achieve a 53.6% increase in operating revenue to ¥14,714 million (US\$138 million) and an 18.0% increase in ordinary income to ¥3,050 million (US\$29 million).

For consolidated results in the fiscal year ending in March 2006, AIFUL is forecasting a 7.1% increase in operating revenue to ¥555,049 million (US\$5,187 million), a 14.6% increase in ordinary income to ¥155,000 million (US\$1,449 million), and a 21.2% increase in net income to ¥91,762 million (US\$858 million). AIFUL therefore expects to achieve another record-setting performance in fiscal 2005.

## RISK FACTORS

The following is a list of the major risk factors that can have an effect on the AIFUL Group's operating results, stock price and financial position. This is not a complete list of the risk factors that, in the opinion of management, have the potential of significantly affecting the Group. Other than the risk factors listed below, there are a number of risk factors that are difficult to predict. Management is aware of the possibility of a negative impact on the Group's operating results, stock price and financial position due to these risk factors, and has a policy of taking actions to prevent these problems and to respond properly in the event a problem occurs. However, there is no assurance that the Group can avoid all risk factors or can respond properly to a problem. Forward-looking statements in this section are based on judgments of the Group as of June 27, 2005, the date on which the Ministry of Finance Securities Report (*Yukashoken Hokokusho*) was submitted.

### 1. LAWS AND REGULATIONS

#### (a) Business restrictions

With regard to legal restrictions, the AIFUL Group's core consumer loan business is subject to various restrictions imposed by the Law Concerning Restrictions on the Moneylending Business, Etc. (Moneylending Business Restriction Law) and Law Concerning the Regulation and Receiving of Capital Subscription, Deposits and Interest on Deposits (Capital Subscription Law). These restrictions include the prohibition of extending excessive credit; requirements to disclose and advertise loan terms; the prohibition of exaggerated advertisements; requirements to distribute written copies of agreements and receipts; requirements to keep ledgers on hand; restrictions on obtaining unqualified letters of proxy; restrictions on debt collection actions; return of loan agreements; requirements regarding business license plates; the sale of receivables; the selection of registered moneylending officers; the carrying of personal identification documents; and a legal framework for written notices demanding payment of amounts due.

Guidelines (Administrative Guidelines for Precautions Regarding Financial Supervision issued on October 29, 2003, "Administrative Guidelines") of the Financial Services Agency, which supervises moneylenders, have been established for the prevention of extension of excessive credit. The standard for preventing excessive credit is ¥500,000 or an amount equal

to 10% of the annual income of a borrower, whichever is higher, at each moneylender for the provision of loans that are not secured or guaranteed through a simple approval at the loan application reception desk.

In the event that these laws and regulations are amended, there could be a negative impact on the Group's operating results depending on the nature of the amendments.

The Group's credit card and shopping loans business are subject to the provisions of the Installment Credit Sales Law. Restrictions include the disclosure of transaction terms; the provision of written agreements; limits on liability when a contract is terminated; rights of consumers to submit complaints to the merchant selling the item purchased through credit; prevention of purchases exceeding an individual's financial resources; prevention of problems for consumers concerning the continuous fulfillment of obligations; and other items. In the event that this law is amended, there could be an impact on the Group's operating results depending on the nature of the amendments.

#### (b) Interest rates on loans

Amendments to the Moneylending Business Restriction Law that became effective on June 1, 2000 lowered from 40.004% to 29.2% the upper limit on the annual interest rates that can be charged on monetary loans by companies engaged in this business under the Capital Subscription Law. Violators are subject to punishment. Since the maximum interest rates of the AIFUL Group are below these legal limits, management believes there is no material impact on Group earnings or financial soundness. On August 1, 2003, a law was promulgated that partially amended the Moneylending Business Restriction Law and the Capital Subscription Law. With regard to the article concerning maximum interest rates in the Capital Subscription Law, a provision has been made to review as necessary maximum rates with a goal of January 2007, which is three years after enactment of the August 1, 2003 amendments. This review is to take into account whether interest rates are being set in a manner that reflects demand for loans as well as economic and financial conditions and the financial soundness and credit standing of borrowers. The state of business operations at moneylenders and other factors will also be taken into consideration. There is a possibility that the maximum interest rate may be reduced as a result, and that this reduction may have an effect on operating results in the Group's lending business.

Under the Interest Rate Restriction Law, consumer loan contracts are regarded as invalid with regard to the portion of interest rates that exceeds the legal limits. These limits are annual rates of 20% for loans of less than ¥100,000 (principal), 18% for loans from this amount up to ¥1 million, and 15% for loans of ¥1 million or more.

The Moneylending Business Restriction Law contains a provision covering cases where a loan contract as prescribed by the law is supplied to borrowers and where borrowers voluntarily pay the amount exceeding the interest rate limit. In cases where these are contractual payments as prescribed in the contract conforming to this law, there is a legal obligation to pay the entire interest rate irrespective of the provisions of the Interest Rate Restriction Law. However, there have been several instances in the consumer finance industry where legal action has been taken for the return of the portion exceeding the limit prescribed by the Interest Rate Restriction Law on the grounds that defects exist in the terms of the contract prescribed by the Moneylending Business Restriction Law. Several verdicts have been reached in favor of the plaintiffs. The AIFUL Group has been sued by a number of parties who are demanding the return of the portion of interest payments that exceeds the legal limit. The plaintiffs allege that the Group, which conducts a lending business, has not fulfilled its obligation to provide a written contract as stipulated in the Moneylending Business Restriction Law that is required for the application of the assumed exemption from the obligation to repay this portion of interest payments. Furthermore, it is difficult to predict future trends in the submission of similar requests for repayments. As is stated in item (c) below, there is a growing possibility that the courts will support the allegations of plaintiffs that the Group has not completely fulfilled its legal obligations, including the obligation to provide a written contract.

### **(c) Administrative Guidelines of the Financial Services Agency**

#### **a. Obligation to provide a written agreement**

In accordance with the Moneylending Business Restriction Law, the AIFUL Group, which is engaged in the moneylending business, is subject to requirements in cases where loan or guarantee contracts are signed and loans are extended. In such cases, the Group is obligated to promptly provide customers, both borrowers and guarantors, with a written document containing prescribed items concerning the loan terms.

In addition to requiring the provision by moneylenders of a prescribed

written document when contracts are signed, the Administrative Guidelines also require the prompt provision (including a prompt mailing) to customers of a document containing legally prescribed items each time a customer obtains a loan from an ATM or manned office. In August 2003, AIFUL revised software associated with its ATMs to add a function that provides a written document containing all legally mandated items.

At affiliated ATMs, with the prior consent of customers, a document containing all legally mandated items is sent by postal mail to all customers promptly after a loan is taken out. However, this document is not sent to customers from whom prior consent has not been received. According to regulations of the Financial Services Agency, moneylenders that do not fulfill their obligation to provide written documents can be punished through partial or complete suspension of business activities and other administrative restrictions, as well as restrictions on the use of ATMs of other companies. In addition, registration as a moneylender may be cancelled. In the event that such actions are taken against the AIFUL Group, there could be an impact on the Group's operating results and financial condition.

#### **b. Obligation concerning explanations**

To provide thorough protection of customers, Administrative Guidelines were revised on May 1, 2005 from the standpoint of meeting demands for strengthening the responsibility of moneylenders to provide explanations and establish a framework for providing these explanations. To supplement the responsibility for providing explanations concerning descriptions and guarantees involving proxies for the preparation of official documents, a clause was established providing for the responsibility to provide explanations to individuals who are about to become a guarantor. Such explanations are required to include effective risks, such as legal consequences and other risks, including, for example, a scenario for cases where guarantors would be required to fulfill their obligations.

The Moneylending Business Restriction Law prohibits predatory, improper and other blatantly improper methods for the management or collection of receivables involving loan and loan contracts. To the list of examples of practices highly likely to fall under these provisions, the law has added failing to take necessary and suitable measures regarding the adequate fulfillment of the responsibility to provide explanations involving business operations as a moneylender. Such measures include

clearly stipulating in internal company regulations and other rules the need to fulfill adequately the obligation to provide explanations of contract contents to customers when closing a loan contract, and conducting training programs that make all employees aware of obligations involving explanations.

The Company is dedicated to complying with these amendments, resulting in actions that may result in unforeseen expenses. In addition, the Company may be subject to sanctions in the event that the Financial Services Agency concludes that the Company has violated the Moneylending Business Restriction Law or Administrative Guidelines. Such sanctions could have an impact on the Group's operating results and financial condition.

#### **(d) Other laws and regulations**

##### **a. Laws concerning the protection of personal information and Group handling of personal information**

The Personal Information Protection Law along with related guidelines by government ministries and agencies concerning the protection of personal information were enacted on April 1, 2005. Under this law, companies that handle personal information (a classification that applies to AIFUL Corporation, LIFE Co., Ltd., TRYTO CORPORATION, Wide Corporation, City's Corporation, BUSINEXT CORPORATION, TCM. Co. Ltd., Passkey Co., Ltd., AsTry Loan Services Corporation and other AIFUL Group companies) are required to specify to the greatest degree possible how personal information, as defined by the law, is being used. Companies are prohibited from using personal information beyond the scope of measures required by the specified purposes of its use. Furthermore, companies are required to take necessary and proper measures concerning safe management, employee supervision and many other items.

Such measures are required in cases where a database of information, including personal information, concerning individuals is handled by the employees of a company engaged in the handling of personal information. Moreover, companies are required to submit certain reports when judged necessary by supervisory government agencies. In the event of a violation of the Personal Information Protection Law, the minister of the applicable government ministry may, when needed to protect the interests of individual customers, order a halt to the illegal actions and request or order that necessary actions be taken to remedy the violation. The law imposes many other requirements. For example, companies

must provide notice of and disclose the purposes of the use of personal information; receive the consent of customers when necessary concerning the handling of personal information and other items; establish an operating framework involving the organization, people and technology for the safe management of personal information; and make public fundamental policies regarding the handling of personal information. In accordance with these items, the Group has reviewed how personal information has been handled until now and, on April 1, 2005 when the Personal Information Protection Law was enacted, established policies in response to the law. The Group also took measures to prevent leaks of personal information. However, there is no assurance that these measures are adequate. In the event of a personal information leak or that the Group violates the Personal Information Protection Law, the Group could be subject to sanctions as well as a loss in public trust. These events could have an impact on the Group's operating results.

##### **b. Amendment of Judicial Scrivener Law**

Amendments to the Judicial Scrivener Law that were enacted on April 1, 2003 extended the scope of judicial scriveners to act as legal representatives, just as an attorney, in courts for mediations, civil suits and other matters (for payment of damages of not more than ¥1,400,000) that can be handled by summary courts. Due to these amendments and the extended scope of activity of judicial scriveners, there has been an increase in the number of lawsuits, liability reorganizations and other matters that are handled using judicial scriveners as legal representatives. The resulting extension in the loan repayment plans of the AIFUL Group and growth in bad debts may have an impact on the Group's operating results.

##### **c. Amendment of Bankruptcy Law**

Amendments to the Bankruptcy Law were enacted on January 1, 2005. The amendments simplify and speed bankruptcy proceedings. If these amendments raise the number of bankruptcy filings, there could be growth in the volume of bad debts, resulting in an impact on the Group's operating results.

**d. Possible increase in customers' reorganization of liabilities due to enactment of Special Conciliation Law and amendments to Civil Rehabilitation Law**

The Law Concerning Special Conciliation for Promotion of Reorganization of Special Liabilities was enacted on February 17, 2000. This law provides for revisions in payment dates and other adjustments in liabilities based on negotiations with debtors that may soon no longer make payments on debt. Such negotiations are handled by a judge and a mediation committee composed of civil mediators with specialized knowledge and experience in law, taxes, finance, corporate finance, asset evaluations and other matters as required in accordance with the nature of the debtor's business operations. Furthermore, during the mediation process, debtors may ask for the suspension of civil proceedings regarding their assets.

Amendments to the Civil Rehabilitation Law that were enacted on April 1, 2001 provided a number of options for extending repayments of loans to individuals in an economically insolvent state without the receipt of a declaration of insolvency. One of the options does not require the approval of the rehabilitation plan by the lender. In certain cases, special conditions for housing loans can be applied to avoid the need to relinquish ownership of a house for which a home loan is outstanding.

Due to the enactment of these laws, there has been an increase in the number of individuals (including customers of AIFUL) who request legal protection from lenders. This situation may lead to an increase in extensions of loan repayment periods and loans that cannot be recovered, events that could have an impact on the Group's operating results.

**e. Law Concerning Issuance of Bonds by Finance Companies for Moneylending**

Enactment in May 1999 of the Law Concerning Issuance of Bonds by Finance Companies for Moneylending eased restrictions that had been imposed on the AIFUL Group and other so-called non-banks in Japan on the issuance of bonds. This law made it possible to use proceeds from bonds to fund moneylending operations in cases where companies have registered as specified finance companies as prescribed by the law.

AIFUL and its subsidiary LIFE have registered under this law as specified finance companies. As of March 31, 2005, aggregate bonds outstanding at these two companies were ¥478,890 million (face value).

## **2. FUND PROCUREMENT**

### **Trends in interest rates on loans**

**a. Interest rate fluctuation risk**

Interest rates on funds procured change along with shifts in market conditions and other factors. To minimize exposure to the resulting risks, the Group establishes hedges against higher interest rates by using interest rate caps and swaps. However, a future increase in interest rates could have an impact on results of operations.

**b. Fund procurement activities and diversification**

The Group is diversifying its sources of funds, procuring funds through loans from financial institutions, syndicated loans, bonds, commercial paper, asset-backed securities and other means. Although the Group currently is experiencing no difficulty procuring funds for its loan business, a general reluctance of financial institutions to extend credit, a worsening in loan terms or reduction in loans due to a deterioration in the Group's credit standing, and other similar events could make it difficult to procure funds under current terms, having a negative impact on results of operations.

## **3. TRENDS IN OPERATING RESULTS**

The AIFUL Group has sustained consistent growth in revenue and earnings. This growth has been due to the Group's diversification beyond consumer loans to include home equity loans and small business loans; addition of the consumer credit and credit card businesses; and other diversification moves including the provision of guarantees for bank loans and the acquisition of businesses. On the other hand, the competitive environment is changing due to a shift in the structure of the market served by the Group. In the past, competition was restricted to companies specializing in consumer loans. Now, there is an intensely competitive, unified market for consumer credit, including loans, that includes banks, credit card companies, *Shinpan* companies and consumer finance companies. At the same time, growth in personal bankruptcies is causing a large increase in bad debts in the consumer finance industry. Since July 2003, the growth rate in bankruptcies has been declining, and the number of bankruptcies has been below prior-year

levels each month since November 2003. However, unemployment remains high due to deterioration in the personal income and employment environments. The number of personal bankruptcies is thus expected to remain high as long as income levels continue to weaken.

Changes of this nature in the market environment could have an impact on operating results.

#### **4. DISRUPTION, MALFUNCTIONS AND OTHER PROBLEMS CONCERNING DATA NETWORK SYSTEMS, INTERNET SYSTEMS AND OTHER TECHNOLOGICAL SYSTEMS**

The AIFUL Group relies on internal and external information as well as technological systems to manage its business operations. The Group is becoming even more reliant on software systems and networks in order to manage the various types of data, including customer information and account data, that make up the Group's operations.

Hardware and software used by the Group are vulnerable to problems resulting from human error, natural catastrophes, power interruptions, computer viruses and similar types of events, as well as to interruptions in third-party support services, such as those of telephone companies and Internet service providers.

A disruption, malfunction, delay or other problem involving information or technological systems may have a detrimental effect on the Group's operating results due to a decline in the number of accounts by new customers, a delay in loan repayments, a loss in customers' trust in the Group's businesses and other effects.

The Group maintains back-up systems for its hardware and communications equipment, making it possible to minimize damages caused when a problem occurs. However, earthquakes, typhoons and other natural catastrophes may force the Group to suspend its business operations.

#### **5. SIGNIFICANT LAWSUITS AND LITIGATION**

At present, the AIFUL Group is involved in no significant legal disputes. However, the Group is aware of recent media reports that certain organizations have requested that administrative actions be taken against the Group due to certain of its manner to collect receivables from its borrowers. The details of the claims of these organizations are not clear at this time, but these allegations might lead to any litigation or other legal actions against the Group in future. Such actions, if any, could cause the Group to incur unexpected costs. If any such legal action is commenced against the Group and reported through media to the public, there is certain risk that the creditworthiness of the Group may be deteriorated, thereby adversely affecting the ability of the Group to acquire new customers, its share price on the market, and its funding capability, in any of which cases the financial condition or results of operation of the Group may be adversely affected.

# FINANCIAL SECTION

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# CONSOLIDATED BALANCE SHEETS

AIFUL Corporation and Consolidated Subsidiaries  
March 31, 2005 and 2004

| ASSETS                                                                              | Millions of Yen   |                   | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-------------------------------------------------------------------------------------|-------------------|-------------------|------------------------------------------|
|                                                                                     | 2005              | 2004              | 2005                                     |
| <b>CURRENT ASSETS:</b>                                                              |                   |                   |                                          |
| Cash and cash equivalents                                                           | ¥ 108,985         | ¥ 98,329          | \$ 1,018,364                             |
| Time deposits (Note 9)                                                              | 610               | 834               | 5,701                                    |
| Marketable securities (Note 8)                                                      |                   | 120               |                                          |
| Trading securities held by venture capital subsidiary (Note 8)                      | 1,622             |                   | 15,153                                   |
| Loans (Notes 4 and 9)                                                               | 1,985,622         | 1,786,940         | 18,650,673                               |
| Installment accounts receivable (Notes 5 and 9)                                     | 182,402           | 154,285           | 1,798,150                                |
| Loan guarantees (Note 6)                                                            | 161,407           | 133,610           | 1,321,561                                |
| Other receivables                                                                   | 18,529            | 11,215            | 173,169                                  |
| Allowance for doubtful loans and receivables                                        | (137,935)         | (126,918)         | (1,289,121)                              |
| Net loans and receivables                                                           | 2,210,024         | 1,959,132         | 20,654,431                               |
| Inventories (Notes 7 and 9)                                                         | 303               | 318               | 3,205                                    |
| Prepaid expenses                                                                    | 4,504             | 4,415             | 42,467                                   |
| Deferred tax assets (Note 12)                                                       | 30,609            | 29,312            | 287,935                                  |
| Other current assets (Note 9)                                                       | 54,203            | 71,609            | 506,570                                  |
| <b>Total current assets</b>                                                         | <b>2,411,120</b>  | <b>2,164,069</b>  | <b>22,533,832</b>                        |
| <b>PROPERTY AND EQUIPMENT (Note 9):</b>                                             |                   |                   |                                          |
| Land                                                                                | 15,654            | 14,635            | 146,299                                  |
| Buildings and structures                                                            | 49,861            | 45,577            | 465,991                                  |
| Machinery and equipment                                                             | 232               | 220               | 2,168                                    |
| Furniture and fixtures                                                              | 19,209            | 16,066            | 179,523                                  |
| Construction in progress                                                            | 219               | 181               | 2,047                                    |
| Total                                                                               | 85,175            | 76,679            | 796,028                                  |
| Accumulated depreciation                                                            | (36,923)          | (31,200)          | (345,075)                                |
| Net property and equipment                                                          | 48,252            | 45,479            | 450,953                                  |
| <b>INVESTMENTS AND OTHER ASSETS:</b>                                                |                   |                   |                                          |
| Investment securities (Note 8)                                                      | 24,116            | 18,716            | 225,383                                  |
| Investments in and advances to unconsolidated subsidiaries and associated companies | 7,392             | 7,353             | 69,084                                   |
| Claims in bankruptcy (Note 4)                                                       | 28,536            | 23,661            | 266,692                                  |
| Allowance for advances to an unconsolidated subsidiary and claims in bankruptcy     | (21,547)          | (18,839)          | (201,374)                                |
| Goodwill, net                                                                       | 11,007            | 14,370            | 102,869                                  |
| Software, net                                                                       | 19,806            | 21,050            | 185,103                                  |
| Long-term loans receivables (less current portion)                                  | 1,110             | 1,158             | 10,374                                   |
| Lease deposits                                                                      | 12,195            | 10,777            | 113,972                                  |
| Long-term prepayments                                                               | 5,004             | 7,758             | 54,243                                   |
| Deferred tax assets (Note 12)                                                       | 4,263             | 14,782            | 40,075                                   |
| Deferred losses on hedging instruments, mainly interest rate swaps (Note 14)        | 18,671            | 18,975            | 177,299                                  |
| Other assets                                                                        | 3,236             | 3,452             | 30,243                                   |
| <b>Total investments and other assets</b>                                           | <b>114,914</b>    | <b>123,213</b>    | <b>1,073,963</b>                         |
| <b>TOTAL</b>                                                                        | <b>¥2,574,285</b> | <b>¥2,332,761</b> | <b>\$24,058,748</b>                      |

See notes to consolidated financial statements.

|                                                                               | Millions of Yen   |                   | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-------------------------------------------------------------------------------|-------------------|-------------------|------------------------------------------|
|                                                                               | 2005              | 2004              | 2005                                     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                   |                   |                   |                                          |
| <b>CURRENT LIABILITIES:</b>                                                   |                   |                   |                                          |
| Short-term borrowings (Note 9)                                                | ¥ 71,695          | ¥ 62,035          | \$ 670,047                               |
| Current portion of long-term debt (Note 9)                                    | 530,661           | 498,204           | 4,959,449                                |
| Trade notes payable                                                           | 11,154            | 11,139            | 104,243                                  |
| Trade accounts payable (Note 9)                                               | 27,529            | 23,526            | 257,280                                  |
| Obligation under loan guarantees (Note 6)                                     | 141,407           | 133,610           | 1,321,561                                |
| Income taxes payable                                                          | 23,597            | 25,846            | 220,533                                  |
| Accrued expenses                                                              | 10,239            | 9,358             | 95,692                                   |
| Other current liabilities (Notes 5 and 6)                                     | 42,583            | 39,614            | 397,971                                  |
| Total current liabilities                                                     | 858,865           | 803,332           | 8,026,776                                |
| <b>LONG-TERM LIABILITIES:</b>                                                 |                   |                   |                                          |
| Long-term debt (less current portion) (Note 9)                                | 1,071,102         | 953,573           | 10,010,299                               |
| Liability for retirement benefits (Note 10)                                   | 2,107             | 3,681             | 19,692                                   |
| Interest rate swaps (Note 14)                                                 | 17,835            | 18,832            | 166,682                                  |
| Other long-term liabilities                                                   | 1,639             | 1,157             | 15,318                                   |
| Total long-term liabilities                                                   | 1,092,683         | 977,243           | 10,211,991                               |
| <b>MINORITY INTERESTS</b>                                                     |                   |                   |                                          |
|                                                                               | 5,365             | 4,682             | 50,327                                   |
| <b>SHAREHOLDERS' EQUITY (Notes 11 and 16):</b>                                |                   |                   |                                          |
| Common stock,<br>authorized, 373,500,000 shares;<br>issued, 94,690,000 shares | 83,317            | 83,317            | 778,664                                  |
| Capital surplus -<br>Additional paid-in capital                               | 104,126           | 104,126           | 973,140                                  |
| Retained earnings                                                             | 427,610           | 357,706           | 3,996,355                                |
| Net unrealized gain on available-for-sale securities                          | 5,364             | 4,417             | 50,131                                   |
| Total                                                                         | 620,417           | 549,566           | 5,798,290                                |
| Treasury stock, at cost<br>284,465 shares in 2005 and 222,866 shares in 2004  | (3,034)           | (2,062)           | (28,636)                                 |
| Total shareholders' equity                                                    | 617,383           | 547,504           | 5,769,654                                |
| <b>TOTAL</b>                                                                  | <b>12,574,266</b> | <b>¥2,332,761</b> | <b>\$24,058,748</b>                      |

## CONSOLIDATED STATEMENTS OF INCOME

AIFUL Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2005 and 2004

|                                                                                                                                    | Millions of Yen |                 | Thousands of<br>U.S. Dollars<br>(Note 3) |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|------------------------------------------|
|                                                                                                                                    | 2005            | 2004            | 2005                                     |
| <b>INCOME:</b>                                                                                                                     |                 |                 |                                          |
| Interest on loans                                                                                                                  | ¥466,430        | ¥429,513        | \$4,359,159                              |
| Interest on credit card shopping loans                                                                                             | 9,031           | 8,140           | 84,963                                   |
| Interest on per-item shopping loans                                                                                                | 17,201          | 15,508          | 163,757                                  |
| Interest on loan guarantees                                                                                                        | 7,098           | 5,562           | 66,243                                   |
| Interest on deposits, securities and other                                                                                         | 327             | 236             | 3,056                                    |
| Recovery of loans previously charged off                                                                                           | 7,720           | 6,778           | 72,150                                   |
| Gain on exemption from pension obligation of the governmental program (Note 10)                                                    | 208             | 4,026           | 1,944                                    |
| Gain on transfer of pension plans (Note 10)                                                                                        | 208             |                 | 1,944                                    |
| Other income                                                                                                                       | 12,484          | 9,710           | 116,484                                  |
| <b>Total income</b>                                                                                                                | <b>520,737</b>  | <b>479,473</b>  | <b>4,866,700</b>                         |
| <b>EXPENSES:</b>                                                                                                                   |                 |                 |                                          |
| Interest on borrowings                                                                                                             | 35,612          | 34,712          | 332,822                                  |
| Charge-offs and provision for doubtful loans and receivables, advances to<br>an unconsolidated subsidiary and claims in bankruptcy | 155,466         | 157,349         | 1,452,953                                |
| Salaries and other employees' benefits                                                                                             | 52,547          | 48,076          | 491,094                                  |
| Advertising expenses                                                                                                               | 23,670          | 19,963          | 221,215                                  |
| Rental expenses                                                                                                                    | 23,362          | 23,532          | 218,335                                  |
| Commissions and fees                                                                                                               | 25,556          | 21,502          | 238,841                                  |
| Depreciation and amortization                                                                                                      | 16,959          | 15,539          | 158,495                                  |
| Provision for employees' retirement benefits (Note 10)                                                                             | 2,033           | 679             | 19,607                                   |
| Provision for retirement benefits to directors and corporate auditors                                                              | 85              | 137             | 888                                      |
| Other expenses                                                                                                                     | 55,930          | 54,170          | 522,711                                  |
| <b>Total expenses</b>                                                                                                              | <b>391,295</b>  | <b>375,659</b>  | <b>3,656,962</b>                         |
| <b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>                                                                           | <b>129,442</b>  | <b>103,814</b>  | <b>1,209,738</b>                         |
| <b>INCOME TAXES (Note 12):</b>                                                                                                     |                 |                 |                                          |
| Current                                                                                                                            | 41,025          | 46,174          | 383,411                                  |
| Deferred                                                                                                                           | 11,990          | (5,158)         | 112,056                                  |
| <b>Total income taxes</b>                                                                                                          | <b>53,015</b>   | <b>41,016</b>   | <b>495,467</b>                           |
| <b>MINORITY INTERESTS IN NET INCOME</b>                                                                                            | <b>704</b>      | <b>250</b>      | <b>6,579</b>                             |
| <b>NET INCOME</b>                                                                                                                  | <b>¥ 75,723</b> | <b>¥ 62,548</b> | <b>\$ 707,692</b>                        |

|                                                     | Yen     | U.S. Dollars |
|-----------------------------------------------------|---------|--------------|
| <b>AMOUNTS PER COMMON SHARE (Notes 2.q and 15):</b> |         |              |
| Basic net income                                    | ¥533.57 | \$4.99       |
| Diluted net income                                  | 533.53  | 4.99         |
| Cash dividends applicable to the year               | 60.00   | 0.55         |

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

AIFUL Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2005 and 2004

|                                                      | Thousands                                        | Millions of Yen |                                                  |                      |                                                                |                               |
|------------------------------------------------------|--------------------------------------------------|-----------------|--------------------------------------------------|----------------------|----------------------------------------------------------------|-------------------------------|
|                                                      | Number of<br>Shares of<br>Common Stock<br>Issued | Common<br>Stock | Capital Surplus<br>Additional<br>Paid-in Capital | Retained<br>Earnings | Net Unrealized<br>Gain on<br>Available-for-<br>sale Securities | Treasury<br>Stock,<br>at Cost |
| <b>BALANCE AT APRIL 1, 2003</b>                      | 94,690                                           | ¥83,317         | ¥104,126                                         | ¥300,924             | ¥ (323)                                                        | ¥(2,053)                      |
| Net income                                           |                                                  |                 |                                                  | 62,548               |                                                                |                               |
| Cash dividends paid, ¥60 per share                   |                                                  |                 |                                                  | (5,668)              |                                                                |                               |
| Bonuses to directors and corporate auditors          |                                                  |                 |                                                  | (98)                 |                                                                |                               |
| Net unrealized gain on available-for-sale securities |                                                  |                 |                                                  |                      | 4,740                                                          |                               |
| Net increase in treasury stock (1,228 shares)        |                                                  |                 |                                                  |                      |                                                                | (9)                           |
| <b>BALANCE AT MARCH 31, 2004</b>                     | 94,690                                           | 83,317          | 104,126                                          | 357,706              | 4,417                                                          | (2,062)                       |
| Net income                                           |                                                  |                 |                                                  | 75,723               |                                                                |                               |
| Cash dividends paid, ¥60 per share                   |                                                  |                 |                                                  | (5,570)              |                                                                |                               |
| Bonuses to directors and corporate auditors          |                                                  |                 |                                                  | (107)                |                                                                |                               |
| Net loss on disposal of treasury stock               |                                                  |                 |                                                  | (42)                 |                                                                |                               |
| Net unrealized gain on available-for-sale securities |                                                  |                 |                                                  |                      | 947                                                            |                               |
| Net increase in treasury stock (61,599 shares)       |                                                  |                 |                                                  |                      |                                                                | (1,002)                       |
| <b>BALANCE AT MARCH 31, 2005</b>                     | <b>94,690</b>                                    | <b>¥83,317</b>  | <b>¥104,126</b>                                  | <b>¥427,610</b>      | <b>¥5,364</b>                                                  | <b>¥(3,064)</b>               |

|                                                      | Thousands of U.S. Dollars (Note 3) |                                                  |                      |                                                                |                               |
|------------------------------------------------------|------------------------------------|--------------------------------------------------|----------------------|----------------------------------------------------------------|-------------------------------|
|                                                      | Common<br>Stock                    | Capital Surplus<br>Additional<br>Paid-in Capital | Retained<br>Earnings | Net Unrealized<br>Gain on<br>Available-for-<br>sale Securities | Treasury<br>Stock,<br>at Cost |
| <b>BALANCE AT MARCH 31, 2004</b>                     | \$778,664                          | \$973,140                                        | \$3,343,046          | \$41,280                                                       | \$(19,271)                    |
| Net income                                           |                                    |                                                  | 707,692              |                                                                |                               |
| Cash dividends paid, \$0.56 per share                |                                    |                                                  | (52,991)             |                                                                |                               |
| Bonuses to directors and corporate auditors          |                                    |                                                  | (1,000)              |                                                                |                               |
| Net loss on disposal of treasury stock               |                                    |                                                  | (392)                |                                                                |                               |
| Net unrealized gain on available-for-sale securities |                                    |                                                  |                      | 8,851                                                          |                               |
| Net increase in treasury stock (61,599 shares)       |                                    |                                                  |                      |                                                                | (9,365)                       |
| <b>BALANCE AT MARCH 31, 2005</b>                     | <b>\$778,664</b>                   | <b>\$973,140</b>                                 | <b>\$3,996,355</b>   | <b>\$50,131</b>                                                | <b>\$(28,636)</b>             |

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

AIFUL Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2005 and 2004

|                                                                                                                                | Millions of Yen |           | Thousands of<br>U.S. Dollars<br>(Note 3) |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------|------------------------------------------|
|                                                                                                                                | 2005            | 2004      | 2005                                     |
| <b>OPERATING ACTIVITIES:</b>                                                                                                   |                 |           |                                          |
| Income before income taxes and minority interests                                                                              | ¥ 123,442       | ¥ 103,814 | \$ 1,209,738                             |
| Adjustments for:                                                                                                               |                 |           |                                          |
| Income taxes - paid                                                                                                            | (44,256)        | (57,956)  | (413,607)                                |
| Depreciation and amortization                                                                                                  | 16,939          | 15,539    | 158,495                                  |
| Increase in allowance for doubtful loans and receivables,<br>advances to an unconsolidated subsidiary and claims in bankruptcy | 5,002           | 13,627    | 46,748                                   |
| Decrease in liability for employees' retirement benefits                                                                       | (1,555)         | (1,080)   | (14,542)                                 |
| Amortization of bonds issue costs                                                                                              | 591             | 504       | 5,523                                    |
| Loss on write-down of investment securities                                                                                    | 499             | 601       | 4,664                                    |
| Loss on sales of property and equipment, net                                                                                   | 376             | 260       | 3,514                                    |
| Loss on disposal of property and equipment                                                                                     | 549             | 668       | 5,131                                    |
| Gain on exemption from pension obligation of the governmental program                                                          | (209)           | (4,026)   | (1,944)                                  |
| Gain on transfer of pension plans                                                                                              | (200)           |           | (1,944)                                  |
| Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:                                        |                 |           |                                          |
| Increase in loans                                                                                                              | (134,435)       | (116,159) | (1,256,402)                              |
| Increase in installment accounts receivable                                                                                    | (39,117)        | (6,429)   | (356,234)                                |
| Decrease in trading securities held by venture capital subsidiary                                                              | 506             |           | 4,729                                    |
| (Increase) decrease in other receivables                                                                                       | (7,314)         | 1,752     | (68,355)                                 |
| Increase in claims in bankruptcy                                                                                               | (4,875)         | (6,297)   | (45,561)                                 |
| (Increase) decrease in inventories                                                                                             | (22)            | 177       | (206)                                    |
| Decrease (increase) in prepaid expenses                                                                                        | 83              | (121)     | 776                                      |
| Decrease (increase) in long-term prepayments                                                                                   | 1,815           | (230)     | 16,963                                   |
| Decrease in other current assets                                                                                               | 5,207           | 3,871     | 48,664                                   |
| Increase in other current liabilities                                                                                          | 6,175           | 4,708     | 57,710                                   |
| Other - net                                                                                                                    | 378             | 4,042     | 3,532                                    |
| Total adjustments                                                                                                              | (192,851)       | (146,549) | (1,802,346)                              |
| Net cash used in operating activities                                                                                          | (63,409)        | (42,735)  | (592,608)                                |
| <b>INVESTING ACTIVITIES:</b>                                                                                                   |                 |           |                                          |
| Capital expenditures                                                                                                           | (9,398)         | (17,016)  | (86,991)                                 |
| Decrease in loans                                                                                                              | 7,884           | 18,523    | 74,617                                   |
| Purchases of investment securities                                                                                             | (4,025)         | (308)     | (37,617)                                 |
| Acquisitions of subsidiaries (net of cash acquired)                                                                            | (9,697)         |           | (92,495)                                 |
| Decrease in investment in trust                                                                                                | 1,000           | 2,000     | 9,346                                    |
| Other - net                                                                                                                    | 3,035           | 3,172     | 28,364                                   |
| Net cash provided by (used in) investing activities - (Forward)                                                                | ¥ (11,211)      | ¥ 6,371   | \$ (104,776)                             |

(Continued)

|                                                                                                             | Millions of Yen |           | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-------------------------------------------------------------------------------------------------------------|-----------------|-----------|------------------------------------------|
|                                                                                                             | 2005            | 2004      | 2005                                     |
| Net cash provided by (used in) investing activities - (Forward)                                             | ¥ (11,211)      | ¥ 6,371   | \$ (104,776)                             |
| <b>FINANCING ACTIVITIES:</b>                                                                                |                 |           |                                          |
| Net increase (decrease) in short-term borrowings                                                            | 635             | (6,831)   | 7,604                                    |
| Proceeds from long-term debt (net of bonds issue costs)                                                     | 742,890         | 620,815   | 6,942,884                                |
| Repayments of long-term debt                                                                                | (653,683)       | (605,610) | (6,137,224)                              |
| Cash dividends paid                                                                                         | (5,670)         | (5,668)   | (52,991)                                 |
| Acquisition of treasury stock                                                                               | (1,044)         | (9)       | (9,757)                                  |
| Proceeds from minority shareholders upon capital increase of subsidiary                                     |                 | 400       |                                          |
| Net cash provided by financing activities                                                                   | 80,318          | 3,097     | 750,636                                  |
| <b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON<br/>CASH AND CASH EQUIVALENTS</b>                            | (6)             | (47)      | (56)                                     |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                                 | 5,692           | (33,314)  | 53,199                                   |
| <b>CASH AND CASH EQUIVALENTS OF NEWLY<br/>CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR</b>                    | 4,944           |           | 45,206                                   |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                                         | 98,329          | 131,643   | 918,962                                  |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                                               | ¥ 108,965       | ¥ 98,329  | \$ 1,018,364                             |
| <b>NONCASH INVESTING ACTIVITIES:</b>                                                                        |                 |           |                                          |
| During the year ended March 31, 2005, the Company acquired Wide Corporation<br>and TCM. Co. Ltd as follows: |                 |           |                                          |
| Assets acquired                                                                                             | ¥ 87,604        |           | \$ 818,729                               |
| Liabilities assumed                                                                                         | (75,338)        |           | (704,093)                                |
| Goodwill                                                                                                    | 4,584           |           | 42,841                                   |
| Cash paid for the capital                                                                                   | 16,850          |           | 157,477                                  |
| Acquired cash and cash equivalents                                                                          | (6,953)         |           | (64,982)                                 |
| Net cash used in acquisition of subsidiaries                                                                | ¥ 9,897         |           | \$ 92,495                                |

See notes to consolidated financial statements.

(Concluded)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AIFUL Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2005 and 2004

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### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and accounting principles generally accepted in the United States of America.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassification have been made in the 2004 financial statements to conform to the classification used in 2005.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a. Consolidation** – The consolidated financial statements include the accounts of Aiful Corporation (the “Company”) and its significant subsidiaries (ten in 2005 and nine in 2004) (together, the “Group”). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

On April 1, 2004, Tryto Corporation was formed through the integration of consolidated subsidiaries, Happy Credit Corporation, Shinwa Co., Ltd. and Sanyo Shinpan Co., Ltd.

Wide Corporation (“Wide”) and TCM Co. Ltd (“TCM”), which engage in consumer finance, became wholly owned subsidiaries of the Company effective June 30, 2004 and February 21, 2005, respectively. The accounts of Wide, TCM and New Frontier Partners Co., Ltd., a venture capital, were newly consolidated for the year ended March 31, 2005.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries (three in 2005 and four in 2004) and associated companies (two in 2005 and one in 2004) are accounted for on the cost basis because the effect on the consolidated financial statements of not applying the equity method is immaterial.

Goodwill on acquisition of subsidiaries is amortized using the straight line method over ten years. However, when the excess of cost over net assets of subsidiaries acquired is not material, it is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

**b. Cash Equivalents** – Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificate of deposits which mature or become due within three months of the date of acquisition.

**c. Inventories** – Inventories include property for sale and supplies. Property for sale is stated at the lower of cost or market, cost being determined by the specific identification method. Depreciation of property for sale currently rented is computed by the same method as applied to property and equipment. Supplies are stated at the most recent purchase price, which approximates cost determined by the first-in, first-out method.

**d. Marketable securities, Trading securities held by venture capital subsidiary and Investment securities** – Marketable securities, trading securities held by venture capital and investment securities are classified and accounted for, depending on management’s intent, as follows: i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders’ equity. The cost of securities sold is determined based on the moving-average cost method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method.

Investments in limited liability investment partnerships and other similar partnerships are initially recorded at cost, and the carrying amount is adjusted to recognize the Company’s interests in earnings or losses in such partnerships based on the most recent available financial statements of the partnerships.

For other than temporary declines in fair value, marketable and investment securities are reduced to net realizable value by a charge to income.

**e. Property and Equipment** – Property and equipment are stated at cost. Depreciation is computed by the declining-balance method. The range of useful lives is principally from 2 to 62 years for buildings and structures, from 2 to 15 years for machinery and equipment and from 2 to 20 years for furniture and fixtures.

**f. Software** – Expenditures for the purchase of software, which meet certain future-tests, are capitalized as software and amortized by the straight-line method over the estimated useful lives of five years.

**g. Liability for Retirement Benefits** – The Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Certain consolidated subsidiaries have defined benefit plans at March 31, 2005.

Prior to September 30, 2004, the Company and certain consolidated subsidiaries had contributory and non-contributory funded defined benefits pension plans covering substantially all employees. Effective October 1, 2004, the Company and certain consolidated subsidiaries established a defined contribution pension plan and a prepaid retirement benefits plan, and terminated the above defined benefits plans. Contributions to the defined contribution plan and payments to prepaid retirement benefits plan are charged to income when incurred. See Note 10.

Liability for retirement benefits to directors and corporate auditors is provided at the amount which would be required if they retired at each balance sheet date.

**h. Allowances for Doubtful Accounts** – The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the accounts outstanding.

**i. Leases** – All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

**j. Income Taxes** – The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**k. Appropriations of Retained Earnings** – Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

**l. Foreign Currency Transactions** – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

**m. Revenue recognition :**

**Interest on Loans** – Interest on loans is recorded on an accrual basis. In accordance with the practice prevailing in the industry, the Group records accrued interest to the extent that the realization of such income is considered to be certain.

**Interest on credit card shopping loans, interest on per-item shopping loans** – Fees from customers and member stores applying the add-on method are generally recorded collectively as unearned income when credit contracts become effective and are recognized in equal installments over the lives of contracts. Fees from customers applying the remaining principal method or revolving method are generally recognized in equal installments over the lives of contracts.

**n. Interest on Borrowings** – Interest on financial liabilities is accounted for as operating expenses while other interest is included in other expenses.

**o. Bonds Issue Costs** – Bonds issue costs, which are included in other assets, are amortized ratably over periods up to three years.

**p. Derivatives and Hedging Activities** – The Group uses derivative financial instruments to manage its exposures to fluctuations in interest rates and foreign exchange. Interest rate swaps and caps, and currency swaps contracts are utilized by the Group to reduce interest rate and foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes. The accounting standard for derivative financial instruments requires that: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income, and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Currency swaps contracts are utilized to hedge foreign currency exposure in principal and interest payments of U.S. dollar straight bonds. U.S. dollar straight bonds are translated at the contracted rates.

The interest rate swaps and caps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap or cap contracts are recognized and included in interest expense or income.

**q. Per Share Information** – Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share of common stock reflects the potential dilution that could occur if securities were exercised or converted into common stock and assumes full exercise of outstanding stock options.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, which is not retroactively adjusted for stock splits.

**r. New Accounting Pronouncements** – In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets", and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets". These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Company expects to adopt such accounting standards effective April 1, 2005 and is currently in the process of assessing the effect of their adoption.

### 3. TRANSLATION INTO UNITED STATES DOLLARS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥107 to \$1, the approximate rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### 4. LOANS

Loans at March 31, 2005 and 2004 consisted of the following (before allowance for doubtful loans):

|                                     | Millions of Yen |            | Thousands of<br>U.S. Dollars |
|-------------------------------------|-----------------|------------|------------------------------|
|                                     | 2005            | 2004       | 2005                         |
| Unsecured                           | ¥1,622,032      | ¥1,477,430 | \$15,159,177                 |
| Secured                             | 352,214         | 346,183    | 3,291,720                    |
| Small business loans                | 120,956         | 84,042     | 1,130,430                    |
| Total                               | ¥2,095,202      | ¥1,907,655 | \$19,581,327                 |
| Off-balance sheet securitized loans | (99,580)        | (120,715)  | (930,654)                    |
| Net                                 | ¥1,995,622      | ¥1,786,940 | \$18,650,673                 |

Registered moneylenders are required to disclose the following information under the Non-Bank Bond Law.

|                                                                                                    | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|----------------------------------------------------------------------------------------------------|-----------------|----------|------------------------------|
|                                                                                                    | 2005            | 2004     | 2005                         |
| Loans in legal bankruptcy                                                                          | ¥ 31,020        | ¥ 28,637 | \$ 289,937                   |
| Nonaccrual loans                                                                                   | 60,263          | 52,452   | 563,392                      |
| Accruing loans contractually past due three months or more as to<br>principal or interest payments | 21,049          | 17,820   | 196,723                      |
| Restructured loans                                                                                 | 62,784          | 50,917   | 586,766                      |
| Total                                                                                              | ¥175,136        | ¥149,826 | \$1,636,785                  |

Loans in legal bankruptcy are loans in which accruals of interest are discontinued (excluding the portion recognized as bad debts), based on management's judgment as to the collectibility of principal or interest resulting from the past due payment of interest or principal and other factors. Allowance for claims in bankruptcy is stated at such amount less net realizable value of collateral.

Nonaccrual loans are loans in which accruals of interest are discontinued, and those other than loans in legal bankruptcy as well as loans receiving regular payments in case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Accruing loans contractually past due three months or more as to principal or interest payments are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded from accruing loans contractually past due three months or more.

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing loans contractually past due three months or more are excluded.

The securitized loans, which were not recognized on the balance sheets, amounted to ¥99,580 million (\$930,654 thousand) and ¥120,715 million at March 31, 2005 and 2004, respectively.

At March 31, 2005 and 2004, the Group had the balances related to revolving loan contracts of ¥1,931,164 million (\$18,048,262 thousand) and ¥1,496,120 million, respectively, whereby a commitment is set up for each loan customer and the Group is obligated to advance funds up to a predetermined amount upon request. At March 31, 2005 and 2004, the balances of unadvanced commitments were ¥5,182,848 million (\$48,437,832 thousand) and ¥4,784,929 million, respectively. The loan contract contains provisions that allow the Group to reduce the contract amount of the commitment or refuse to advance funds to loan customers under certain conditions.

## 5. INSTALLMENT ACCOUNTS RECEIVABLE

Installment accounts receivable and unearned income, included in other current liabilities, at March 31, 2005 and 2004 consisted of the following:

|                                                               | Millions of Yen |                 |             |                 | Thousands of U.S. Dollars |                 |
|---------------------------------------------------------------|-----------------|-----------------|-------------|-----------------|---------------------------|-----------------|
|                                                               | 2005            |                 | 2004        |                 | 2005                      |                 |
|                                                               | Receivables     | Unearned Income | Receivables | Unearned income | Receivables               | Unearned income |
| Credit card shopping loans                                    | ¥ 79,623        | ¥ 533           | ¥ 71,528    | ¥ 378           | \$ 744,140                | \$ 4,981        |
| Per-item shopping loans                                       | 197,226         | 13,646          | 176,022     | 9,938           | 1,843,234                 | 127,533         |
| Other                                                         |                 |                 | 1           |                 |                           |                 |
| Total                                                         | ¥276,849        | ¥14,179         | ¥247,551    | ¥10,316         | \$2,587,374               | \$132,514       |
| Off-balance sheet securitized installment accounts receivable | (24,447)        |                 | (93,266)    |                 | (789,224)                 |                 |
| Net                                                           | ¥252,402        | ¥14,179         | ¥154,285    | ¥10,316         | \$1,798,150               | \$132,514       |

In addition, the Group has unearned income of ¥30 million (\$280 thousand) and ¥83 million at March 31, 2005 and 2004, respectively, related to loans other than those shown in the above table.

## 6. LOAN GUARANTEES AND OBLIGATIONS UNDER LOAN GUARANTEES

The Group, as guarantor, recorded loan guarantees as a contra account of obligations under loan guarantees. Unearned income relating to loan guarantees was ¥315 million (\$2,944 thousand) and ¥428 million at March 31, 2005 and 2004, respectively, which was included in other current liabilities.

## 7. INVENTORIES

Inventories at March 31, 2005 and 2004 consisted of the following:

|                   | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|-------------------|-----------------|------|------------------------------|
|                   | 2005            | 2004 | 2005                         |
| Property for sale | ¥169            | ¥181 | \$1,580                      |
| Supplies          | 174             | 137  | 1,626                        |
| Total             | ¥343            | ¥318 | \$3,206                      |

## 8. MARKETABLE SECURITIES, TRADING SECURITIES HELD BY VENTURE CAPITAL SUBSIDIARY AND INVESTMENT SECURITIES

Marketable and investment securities at March 31, 2005 and 2004 consisted of the following:

|                                | Millions of Yen |         | Thousands of<br>U.S. Dollars |
|--------------------------------|-----------------|---------|------------------------------|
|                                | 2005            | 2004    | 2005                         |
| Current:                       |                 |         |                              |
| Equity securities              | ¥ 1,614         |         | \$15,084                     |
| Government and corporate bonds | 8               | ¥ 120   | 74                           |
| Total                          | ¥ 1,622         | ¥ 120   | \$15,158                     |
| Non-current:                   |                 |         |                              |
| Equity securities              | ¥19,302         | ¥15,498 | \$180,392                    |
| Other                          | 4,814           | 3,218   | 44,991                       |
| Total                          | ¥24,116         | ¥18,716 | \$225,383                    |

The carrying amounts and fair values of marketable and investment securities at March 31, 2005 and 2004 were as follows:

|                                | Millions of Yen |                     |                      |               |
|--------------------------------|-----------------|---------------------|----------------------|---------------|
|                                | 2005            |                     |                      |               |
|                                | Cost            | Unrealized<br>Gains | Unrealized<br>Losses | Fair<br>Value |
| Securities classified as:      |                 |                     |                      |               |
| Trading:                       |                 |                     |                      |               |
| Equity securities              |                 |                     |                      | ¥ 1,614       |
| Government and corporate bonds |                 |                     |                      | 8             |
| Total                          |                 |                     |                      | ¥ 1,622       |
| Available-for-sale:            |                 |                     |                      |               |
| Equity securities              | ¥9,754          | ¥9,068              | ¥201                 | ¥17,621       |
|                                | Millions of Yen |                     |                      |               |
|                                | 2004            |                     |                      |               |
|                                | Cost            | Unrealized<br>Gains | Unrealized<br>Losses | Fair<br>Value |
| Securities classified as:      |                 |                     |                      |               |
| Available-for-sale:            |                 |                     |                      |               |
| Equity securities              | ¥6,784          | ¥7,537              | ¥345                 | ¥13,976       |
| Debt securities                | 120             |                     |                      | 120           |
| Total                          | ¥6,904          | ¥7,537              | ¥345                 | ¥14,096       |

|                                | Thousands of U.S. Dollars |                  |                   |            |
|--------------------------------|---------------------------|------------------|-------------------|------------|
|                                | 2005                      |                  |                   |            |
|                                | Cost                      | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as:      |                           |                  |                   |            |
| Trading:                       |                           |                  |                   |            |
| Equity securities              |                           |                  |                   | \$ 15,084  |
| Government and corporate bonds |                           |                  |                   | 74         |
| Total                          |                           |                  |                   | \$ 15,158  |
| Available-for-sale-            |                           |                  |                   |            |
| Equity securities              | \$81,013                  | \$84,748         | \$1,879           | \$164,682  |

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

|                                                          | Carrying amount |        | Thousands of<br>U.S. Dollars |
|----------------------------------------------------------|-----------------|--------|------------------------------|
|                                                          | Millions of Yen |        |                              |
|                                                          | 2005            | 2004   | 2005                         |
| Available-for-sale:                                      |                 |        |                              |
| Equity securities                                        | ¥1,681          | ¥1,522 | \$15,710                     |
| Investments in limited liability investment partnerships | 3,314           | 1,718  | 30,972                       |
| Other                                                    | 1,500           | 1,500  | 14,019                       |
| Total                                                    | ¥6,495          | ¥4,740 | \$60,701                     |

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥1,644 million (\$15,364 thousand) and ¥2,046 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥713 million (\$6,664 thousand) and ¥738 million for the years ended March 31, 2005 and 2004, respectively, and gross realized losses were ¥170 million (\$1,589 thousand) and ¥44 million for the years ended March 31, 2005 and 2004, respectively.

The carrying values of debt securities by contractual maturities is not disclosed because the Company had no such securities at March 31, 2005.

## 9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2005 and 2004 consisted of the following:

|                                                                                                             | Millions of Yen |         | Thousands of U.S. Dollars |
|-------------------------------------------------------------------------------------------------------------|-----------------|---------|---------------------------|
|                                                                                                             | 2005            | 2004    | 2005                      |
| Commercial paper, 0.18% to 0.25% at March 31, 2004                                                          |                 | ¥ 5,000 |                           |
| Loans from banks, 0.70% to 1.70% (0.80% to 2.05% at March 31, 2004)                                         | ¥13,400         | 10,700  | \$125,234                 |
| Loans from other financial institutions, 1.38% to 1.48% (1.48% at March 31, 2004)                           | 11,000          | 6,000   | 102,804                   |
| Other (principally from leasing and factoring companies), 1.85% to 2.55% (0.18% to 2.65% at March 31, 2004) | 47,295          | 40,335  | 442,069                   |
| Total                                                                                                       | ¥71,695         | ¥62,035 | \$670,047                 |

Long-term debt at March 31, 2005 and 2004 consisted of the following:

|                                                                                                                                        | Millions of Yen   |                  | Thousands of<br>U.S. Dollars |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|------------------------------|
|                                                                                                                                        | 2005              | 2004             | 2005                         |
| Loans from banks, 0.58% to 3.20%, due serially to 2010 (0.69% to 4.20%, due serially to 2008 at March 31, 2004)                        | ¥ 691,535         | ¥ 555,428        | \$ 6,462,944                 |
| Loans from other financial institutions, 1.45% to 3.35%, due serially to 2010 (1.45% to 4.00%, due serially to 2008 at March 31, 2004) | 236,935           | 217,432          | 2,214,813                    |
| Syndicated loans, 0.79% to 1.94%, due serially to 2011 (0.89% to 1.87%, due serially to 2009 at March 31, 2004)                        | 107,079           | 104,878          | 1,000,738                    |
| Unsecured 2.00% to 2.53% yen straight bonds, due 2004                                                                                  |                   | 90,000           |                              |
| Unsecured 0.80% to 2.00% yen straight bonds, due 2005 (0.80% to 2.00% at March 31, 2004)                                               | 80,000            | 80,000           | 747,664                      |
| Unsecured 1.30% to 3.27% yen straight bonds, due 2006 (1.30% to 3.27% at March 31, 2004)                                               | 78,500            | 78,500           | 733,645                      |
| Unsecured 1.66% to 2.51% yen straight bonds, due 2007 (1.66% to 2.51% at March 31, 2004)                                               | 43,000            | 43,000           | 401,869                      |
| Unsecured 0.54% to 2.48% yen straight bonds, due 2008 (1.07% to 2.48% at March 31, 2004)                                               | 51,000            | 50,000           | 476,636                      |
| Unsecured 1.01% to 3.28% yen straight bonds, due 2009 (1.44% to 3.28% at March 31, 2004)                                               | 69,000            | 38,000           | 635,514                      |
| Unsecured 1.25% to 3.00% yen straight bonds, due 2010 (1.25% to 3.00% at March 31, 2004)                                               | 30,000            | 30,000           | 280,374                      |
| Unsecured 1.50% to 1.58% yen straight bonds, due 2011                                                                                  | 20,000            |                  | 186,916                      |
| Unsecured 1.20% yen straight bonds, due 2012                                                                                           | 10,000            |                  | 93,453                       |
| Unsecured 1.74% yen straight bonds, due 2013 (1.74% at March 31, 2004)                                                                 | 10,000            | 10,000           | 93,453                       |
| Unsecured variable rate Euro-yen straight bonds, due 2006 (1.80% at March 31, 2005, 1.80% at March 31, 2004)                           | 12,500            | 12,500           | 116,822                      |
| Unsecured 4.45% U.S. dollar straight bonds, due 2010                                                                                   | 52,890            |                  | 494,299                      |
| Unsecured 0.86% medium-term notes, due 2005                                                                                            | 4,000             | 4,000            | 37,383                       |
| Unsecured 2.21% medium-term notes, due 2007                                                                                            | 1,000             | 1,000            | 9,345                        |
| Unsecured 3.00% medium-term notes, due 2008                                                                                            | 3,000             | 3,000            | 28,037                       |
| Unsecured 3.50% medium-term notes, due 2015                                                                                            | 15,000            | 15,000           | 140,187                      |
| Other (principally from leasing and factoring companies), 0.79% to 1.95%, due serially to 2010 (0.85% to 2.30%, at March 31, 2004)     | ¥ 87,274          | ¥ 119,039        | \$ 815,645                   |
| <b>Total</b>                                                                                                                           | <b>1,601,763</b>  | <b>1,451,777</b> | <b>14,969,748</b>            |
| <b>Less current portion</b>                                                                                                            | <b>(530,661)</b>  | <b>(498,204)</b> | <b>(4,959,449)</b>           |
| <b>Long-term debt, less current portion</b>                                                                                            | <b>¥1,071,102</b> | <b>¥ 953,573</b> | <b>\$10,010,299</b>          |

Annual maturities of long-term debt at March 31, 2005 were as follows:

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|----------------------|-----------------|---------------------------|
| 2006                 | ¥ 530,661       | \$ 4,959,449              |
| 2007                 | 438,868         | 4,101,570                 |
| 2008                 | 270,977         | 2,532,495                 |
| 2009                 | 133,313         | 1,245,916                 |
| 2010                 | 150,720         | 1,408,598                 |
| 2011 and thereafter  | 77,224          | 721,720                   |
| Total                | ¥1,601,763      | \$14,969,748              |

At March 31, 2005, the following assets were pledged as collateral for short-term borrowings and long-term debt (including current portion of long-term debt):

|                                                              | Millions of Yen | Thousands of U.S. Dollars |
|--------------------------------------------------------------|-----------------|---------------------------|
| Time deposits                                                | ¥ 532           | \$ 4,972                  |
| Loans                                                        | 855,523         | 7,995,542                 |
| Installment accounts receivable                              | 58,730          | 548,878                   |
| Inventories                                                  | 113             | 1,056                     |
| Property and equipment, net of accumulated depreciation      | 2,391           | 22,346                    |
| Total                                                        | ¥917,289        | \$8,572,794               |
| Related liabilities:                                         |                 |                           |
| Short-term borrowings                                        | ¥ 53,240        | \$ 497,570                |
| Long-term debt (including current portion of long-term debt) | 610,313         | 5,703,860                 |
| Trade accounts payable                                       | 171             | 1,598                     |
| Total                                                        | ¥663,724        | \$6,203,028               |

The above table includes loans related to securitized loans of ¥344,039 million (\$3,215,318 thousand), and related liabilities (long-term debt including current portion) of ¥134,266 million (\$1,254,822 thousand).

In addition, if requested by lending financial institutions, the Group has committed to pledge collateral for loans other than those shown in the above table. At March 31, 2005, related liabilities for which lending financial institutions can request the Group to pledge collateral consisted of the following:

|                                                              | Millions of Yen | Thousands of U.S. Dollars |
|--------------------------------------------------------------|-----------------|---------------------------|
| Short-term borrowings                                        | ¥ 400           | \$ 3,738                  |
| Long-term debt (including current portion of long-term debt) | 154,012         | 1,439,365                 |
| Total                                                        | ¥154,412        | \$1,443,103               |

At March 31, 2005, other current assets amounting to ¥4,456 million (\$41,645 thousand) were pledged as collateral for the interest rate swap contracts.

A portion of the Company's and Life's syndicated loans are subject to repayment if the Company or Life fails to meet certain financial criteria, such as those relating to minimum tangible net worth levels, specified ratios of liabilities to tangible net worth and to equity, specified asset compositions and minimum recurring income levels, and operating criteria, such as those relating to bad debt charge-off levels. As of March 31, 2005, the Company and Life were in compliance with all of these covenants.

## 10. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries had contributory and non-contributory funded pension plans covering substantially all employees. Under the pension plans, employees terminating their employment were, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors. If the termination was involuntary, employees were usually entitled to larger payments than in the case of voluntary termination.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company and certain consolidated subsidiaries on behalf of the government and a corporate portion established at the discretion of the Company and certain consolidated subsidiaries. In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Company and certain consolidated subsidiaries applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval.

On September 25, 2003, the Company and certain consolidated subsidiaries obtained approval for exemption from the future obligation by the Ministry of Health, Labor and Welfare. The Company and a certain consolidated subsidiary applied for the transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labor and Welfare on September 30, 2004. The Company and a certain consolidated subsidiary thereafter transferred the substitutional portion of the pension obligations and related assets to the government on March 16, 2005. The Company and a certain consolidated subsidiary recognized a gain on exemption from pension obligation of the governmental program in the amount of ¥208 million (\$1,944 thousand) for the year ended March 31, 2005.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, effective October 1, 2004, the Company and a certain consolidated subsidiary implemented a defined contribution pension plan and prepaid retirement benefits plan while the former qualified defined benefit pensions plan and severance lump-sum payment plan were terminated on September 30, 2004. As of March 31, 2005, the amount of retirement benefits relating to prior services incurred by each employee, which has to be allocated to each employee's accounts has not been finally determined.

One consolidated subsidiary chose to apply the transitional measure of the accounting standard (Article 47-2 of Accounting Committee Report No.13 "Practical Guidelines for Accounting for Retirements Benefits"), which permits the subsidiary to account for the exemption of pension obligations and plan assets related to the substitutional portion as of the date of obtaining approval of exemption (i.e., before the transfer of the related plan assets to the government). The subsidiary obtained approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on September 25, 2003. As a result, the subsidiary recognized a gain on exemption from future and prior pension obligation of the government program in the amount of ¥4,026 million for the year ended March 31, 2004.

Effective October 1, 2004, the Company and certain consolidated subsidiaries established a defined contribution pension plan and prepaid retirement benefits plan, having terminated the defined benefit pension plans. Also, according to the enactment of the Defined Contribution Pension Plan Law in October 2001, a consolidated subsidiary terminated its qualified defined benefit pensions plan and severance lump-sum payment plan on March 31, 2005 and implemented a defined contribution pension plan and prepaid retirement benefits plan on April 1, 2005. For the transfer from a defined benefits plan to a defined contribution pension plan, the consolidated subsidiary applied accounting treatments specified in the guidance issued by the Accounting Standards Board of Japan and the effect of this transfer was to increase income before income taxes and minority interests by ¥208 million (\$1,944 thousand) and recorded a gain on transfer of pension plans in the statement of income for the year ended March 31, 2005.

Another consolidated subsidiary terminated its severance lump-sum payment plan and implemented a defined contribution pension plan and prepaid retirement benefits plan.

The liability for retirement benefits includes retirement benefits to directors and corporate auditors of ¥1,420 million (\$13,271 thousand) and ¥1,263 million at March 31, 2005 and 2004, respectively.

The liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

|                                              | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|----------------------------------------------|-----------------|----------|------------------------------|
|                                              | 2005            | 2004     | 2005                         |
| Projected benefit obligation                 | ¥ 8,237         | ¥ 14,511 | \$ 76,981                    |
| Fair value of plan assets                    | (7,033)         | (10,919) | (65,729)                     |
| Unrecognized actuarial loss                  | (517)           | (1,212)  | (4,631)                      |
| Net liability                                | ¥ 687           | ¥ 2,380  | \$ 6,421                     |
| Prepaid pension cost                         |                 | 38       |                              |
| Liability for employees' retirement benefits | ¥ 687           | ¥ 2,418  | \$ 6,421                     |

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004 were as follows:

|                                                                                    | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|------------------------------------------------------------------------------------|-----------------|----------|------------------------------|
|                                                                                    | 2005            | 2004     | 2005                         |
| Service cost                                                                       | ¥ 762           | ¥ 1,168  | \$ 7,121                     |
| Interest cost                                                                      | 278             | 306      | 2,598                        |
| Expected return on plan assets                                                     | (183)           | (147)    | (1,710)                      |
| Amortization of prior service cost, net of settlement charge                       | 620             | (550)    | 5,794                        |
| Recognized actuarial (gain) loss                                                   | 242             | (98)     | 2,262                        |
| Payments for prepaid retirement benefits plan                                      | 150             |          | 1,402                        |
| Premiums for defined contribution pension plan                                     | 229             |          | 2,140                        |
| Net periodic benefit costs                                                         | 2,099           | 679      | 19,607                       |
| Gain on transfer of the substitutional portion of the governmental pension program | (208)           | (4,026)  | (1,944)                      |
| Gain on transfer of pension plans                                                  | (208)           |          | (1,944)                      |
| Total                                                                              | ¥1,682          | ¥(3,347) | \$15,719                     |

Assumptions used for the years ended March 31, 2005 and 2004 were set forth as follows:

|                                            | 2005                                         | 2004                                         |
|--------------------------------------------|----------------------------------------------|----------------------------------------------|
| Discount rate                              | 1.5% to 2.5%                                 | 1.5% to 2.5%                                 |
| Expected rate of return on plan assets     | 1.5% to 2.0%                                 | 1.5% to 2.0%                                 |
| Amortization period of prior service cost: |                                              |                                              |
| Company                                    | Full amount charged to<br>income as incurred | Full amount charged to<br>income as incurred |
| One consolidated subsidiary                | 10 years                                     | 10 years                                     |
| Recognition period of actuarial gain/loss: |                                              |                                              |
| Company                                    | Full amount charged to<br>income as incurred | Full amount charged to<br>income as incurred |
| One consolidated subsidiary                | 10 years                                     | 10 years                                     |

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## 11. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at a general shareholders' meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥430,915 million (\$4,027,243 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

At the Shareholders' General Meeting held on June 27, 2001, the Company's shareholders approved the stock option plan for the Company's directors and key employees. The plan provides for granting options to directors and key employees to purchase the Company's common stock at an exercise price of ¥6,386 per share during the period from July 1, 2003 to June 30, 2006. The maximum number of shares to be issued upon exercise of the options were 67 thousand shares as of March 31, 2005.

At the Shareholders' General Meeting held on June 25, 2004, the Company's shareholders approved the stock option plan for the Company's and subsidiaries' directors and key employees. The plan provides for granting options to purchase the Company's common stock at an exercise price of ¥7,774 per share during the period from July 1, 2006 to June 30, 2009. The maximum number of shares to be issued upon exercise of the options were 343 thousand shares as of March 31, 2005.

The Company made a stock split subsequent to the date of the option grants mentioned above, and the number of shares to be issued and exercise price was adjusted based upon a certain formula, as defined.

The Company issues acquired treasury stock upon exercise of the stock options.

Pursuant to the revision of the Japanese Commercial Code, the Company revised its articles of incorporation as the Company could repurchase its common stock as treasury stock by resolution of the Board of Directors.

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## 12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% and 41.9% for the years ended March 31, 2005 and 2004, respectively.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.9% to 40.6%, effective for years beginning on or after April 1, 2004.

The deferred tax assets and liabilities which will realize on or after April 1, 2004 are measured at the effective tax rate of 40.6% as at March 31, 2004.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

|                                                  | Millions of Yen |                | Thousands of<br>U.S. Dollars |
|--------------------------------------------------|-----------------|----------------|------------------------------|
|                                                  | 2005            | 2004           | 2005                         |
| <b>Current Deferred Tax Assets:</b>              |                 |                |                              |
| Provision for doubtful loans                     | ¥ 1,584         | ¥ 7,931        | \$ 14,804                    |
| Charge-offs for doubtful loans                   | 12,519          | 11,115         | 117,000                      |
| Tax loss carryforwards                           | 10,102          | 5,379          | 94,411                       |
| Enterprise tax payable                           | 1,484           | 1,522          | 13,963                       |
| Accrued bonuses                                  | 1,724           | 1,576          | 16,112                       |
| Accrued interest on loans                        | 3,348           | 1,929          | 31,290                       |
| Other                                            | 921             | 295            | 8,607                        |
| <b>Total</b>                                     | <b>31,662</b>   | <b>29,747</b>  | <b>295,187</b>               |
| Less valuation allowance                         | (666)           | (429)          | (6,121)                      |
| <b>Net</b>                                       | <b>30,996</b>   | <b>29,318</b>  | <b>289,066</b>               |
| <b>Current Deferred Tax Liabilities</b>          | <b>14</b>       | <b>6</b>       | <b>131</b>                   |
| <b>Net deferred tax assets</b>                   | <b>¥30,982</b>  | <b>¥29,312</b> | <b>\$287,935</b>             |
| <b>Non-current Deferred Tax Assets:</b>          |                 |                |                              |
| Tax loss carryforwards                           | ¥ 2,108         | ¥14,278        | \$ 19,701                    |
| Provision for doubtful loans                     | 669             | 712            | 6,252                        |
| Depreciation and amortization                    | 3,153           | 2,453          | 29,467                       |
| Unrealized loss on available-for-sale securities | 1,240           | 86             | 11,589                       |
| Other                                            | 2,284           | 3,188          | 21,346                       |
| <b>Total</b>                                     | <b>9,454</b>    | <b>20,717</b>  | <b>68,355</b>                |
| Less valuation allowance                         | (1,535)         | (2,915)        | (14,346)                     |
| <b>Net</b>                                       | <b>7,919</b>    | <b>17,802</b>  | <b>74,009</b>                |
| <b>Non-current Deferred Tax Liabilities:</b>     |                 |                |                              |
| Unrealized gain on available-for-sale securities | 3,631           | 3,004          | 33,934                       |
| Other                                            |                 | 16             |                              |
| <b>Net deferred tax assets</b>                   | <b>¥ 4,288</b>  | <b>¥14,782</b> | <b>\$ 40,075</b>             |

A valuation allowance is established to reduce certain deferred tax assets with respect to deductible temporary differences and net operating loss carryforwards where it is more likely than not that they will not be realized.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004 was as follows:

|                                                   | 2005         | 2004         |
|---------------------------------------------------|--------------|--------------|
| Normal effective statutory tax rates              | 40.6%        | 41.9%        |
| Additional taxation on undistributed income       |              | 4.9          |
| Expenses not deductible for income taxes purposes | 1.7          | 2.8          |
| Decrease of valuation allowance                   | (1.4)        | (9.7)        |
| Other, net                                        | 0.1          | (0.4)        |
| <b>Actual effective tax rates</b>                 | <b>41.0%</b> | <b>39.5%</b> |

### 13. LEASES

The Group leases vehicles, computer equipment, furniture and fixtures, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2005 and 2004 were as follows:

|                      | Millions of Yen       |                                     | Thousands of U.S. Dollars |                                     |
|----------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------------|
|                      | Total Rental Expenses | Lease Payments Under Finance Leases | Total Rental Expenses     | Lease Payments Under Finance Leases |
| Year Ended March 31: |                       |                                     |                           |                                     |
| 2005                 | ¥23,362               | ¥5,632                              | \$216,336                 | \$63,570                            |
| 2004                 | 23,532                | 6,460                               |                           |                                     |

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 were as follows:

|                          | As of March 31, 2005    |                        |                          |         |
|--------------------------|-------------------------|------------------------|--------------------------|---------|
|                          | Millions of Yen         |                        |                          |         |
|                          | Machinery and Equipment | Furniture and Fixtures | Buildings and Structures | Total   |
| Acquisition cost         | ¥313                    | ¥19,556                | ¥9                       | ¥19,878 |
| Accumulated depreciation | 170                     | 12,756                 | 3                        | 12,929  |
| Net leased property      | ¥143                    | ¥ 6,800                | ¥6                       | ¥ 6,949 |

|                          | As of March 31, 2004    |                        |                          |         |
|--------------------------|-------------------------|------------------------|--------------------------|---------|
|                          | Millions of Yen         |                        |                          |         |
|                          | Machinery and Equipment | Furniture and Fixtures | Buildings and Structures | Total   |
| Acquisition cost         | ¥481                    | ¥27,601                | ¥9                       | ¥28,091 |
| Accumulated depreciation | 327                     | 18,649                 | 2                        | 18,978  |
| Net leased property      | ¥154                    | ¥ 8,952                | ¥7                       | ¥ 9,113 |

|                          | As of March 31, 2005      |                        |                          |           |
|--------------------------|---------------------------|------------------------|--------------------------|-----------|
|                          | Thousands of U.S. Dollars |                        |                          |           |
|                          | Machinery and Equipment   | Furniture and Fixtures | Buildings and Structures | Total     |
| Acquisition cost         | \$2,925                   | \$182,767              | \$84                     | \$185,776 |
| Accumulated depreciation | 1,589                     | 119,215                | 28                       | 120,832   |
| Net leased property      | \$1,336                   | \$ 63,552              | \$56                     | \$ 64,944 |

Obligations under finance leases:

|                     | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|---------------------|-----------------|--------|------------------------------|
|                     | 2005            | 2004   | 2005                         |
| Due within one year | ¥3,791          | ¥4,729 | \$35,430                     |
| Due after one year  | 3,109           | 4,498  | 29,056                       |
| Total               | ¥6,900          | ¥9,227 | \$64,486                     |

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, computed under a straight-line method and the interest method were as follows:

|                      | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|----------------------|-----------------|--------|------------------------------|
|                      | 2005            | 2004   | 2005                         |
| Depreciation expense | ¥5,240          | ¥6,214 | \$50,318                     |
| Interest expense     | 237             | 207    | 2,215                        |

The minimum rental commitments under noncancellable operating leases at March 31, 2005 and 2004 were as follows:

|                     | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|---------------------|-----------------|------|------------------------------|
|                     | 2005            | 2004 | 2005                         |
| Due within one year | ¥109            | ¥104 | \$1,019                      |
| Due after one year  | 141             | 222  | 1,318                        |
| Total               | ¥250            | ¥326 | \$2,337                      |

## 14. DERIVATIVES

The Group enters into interest rate swap and cap, and currency swap contracts as a means of managing its principal and interest rate exposures on certain liabilities.

Such derivative transactions are entered into to hedge interest exposures incorporated within its business. Accordingly, market and foreign exchange risks in these derivatives is theoretically offset by opposite movements in the value of hedged liabilities. The Group does not hold or issue derivatives for trading and speculative purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies, which regulate the authorization and credit limit amount.

The Group did not disclose market value information about derivative instruments because interest rate swap and cap, and currency swap contracts which qualify for hedge accounting and meet specific matching criteria are permitted to be omitted from disclosure of market value information under Japanese GAAP.

## 15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2005 and 2004 is as follows:

|                                             | Yen in millions | Thousands of shares     | Yen     | Dollars |
|---------------------------------------------|-----------------|-------------------------|---------|---------|
|                                             | Net income      | Weighted average shares | EPS     |         |
| <b>For the year ended March 31, 2005:</b>   |                 |                         |         |         |
| Basic EPS                                   |                 |                         |         |         |
| Net income available to common shareholders | ¥75,533         | 141,679                 | ¥533.57 | \$4.99  |
| Effect of Dilutive Securities –             |                 |                         |         |         |
| Stock Options                               |                 | 11                      |         |         |
| Diluted EPS                                 |                 |                         |         |         |
| Net income for computation                  | ¥75,533         | 141,690                 | ¥533.53 | \$4.99  |
| <b>For the year ended March 31, 2004:</b>   |                 |                         |         |         |
| Basic EPS                                   |                 |                         |         |         |
| Net income available to common shareholders | ¥62,441         | 141,702                 | ¥440.65 |         |

Diluted EPS for the year ended March 31, 2004 is not disclosed because it is anti-dilutive.

## 16. SUBSEQUENT EVENTS

### a. Stock Split

On February 21, 2005, the Board of Directors declared a three for two stock split to shareholders of record on March 31, 2005. As a result, the number of the issued and outstanding common stock increased by 47,345,000 shares effective May 23, 2005.

### b. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2005 were approved at the Shareholders' General Meeting held on June 24, 2005:

|                                                 | Millions of Yen | Thousands of U.S. Dollars |
|-------------------------------------------------|-----------------|---------------------------|
| Year-end cash dividends, ¥30 (\$0.28) per share | ¥2,832          | \$26,467                  |
| Bonuses to directors and corporate auditors     | 127             | 1,187                     |

### c. Stock option plan

At the Shareholders' General Meeting held on June 24, 2005, the Company's shareholders approved the following stock option plan:

The plan provides for granting options to directors and key employees of Company and subsidiaries to purchase up to 400 thousand shares of the Company's common stock in the period from July 1, 2007 to June 30, 2010. The options will be granted to purchase common stock at the higher of 103% of the average fair market price for the preceding month of the grant, or the fair market price at the time of grant. The Company plans to grant stock purchase warrants and issue stock upon exercise of the stock options.

## 17. SEGMENT INFORMATION

Most of the Group's business is related to a single segment, lending. The Group does not operate outside Japan. Accordingly, information about industry and geographic segments was not presented.

## INDEPENDENT AUDITORS' REPORT

**Deloitte**

 **Shimbashi & Co.**

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of  
Aiful Corporation:

We have audited the accompanying consolidated balance sheets of Aiful Corporation and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aiful Corporation and consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

  
DELOITTE TOUCHE TOHMATSU  
Kyoto, Japan

June 24, 2005

  
SHIMBASHI & CO.  
Osaka, Japan

June 24, 2005

# NON-CONSOLIDATED BALANCE SHEETS

AIFUL Corporation  
March 31, 2005 and 2004

| ASSETS                                                             | Millions of Yen   |                   | Thousands of<br>U.S. Dollars<br>(Note 3) |
|--------------------------------------------------------------------|-------------------|-------------------|------------------------------------------|
|                                                                    | 2005              | 2004              | 2005                                     |
| <b>CURRENT ASSETS:</b>                                             |                   |                   |                                          |
| Cash and cash equivalents                                          | ¥ 67,457          | ¥ 60,376          | \$ 630,439                               |
| Time deposits                                                      | 78                | 50                | 729                                      |
| Loans (Notes 4 and 7)                                              | 1,471,767         | 1,451,638         | 13,754,832                               |
| Allowance for doubtful loans                                       | (61,928)          | (81,693)          | (765,682)                                |
| Net loans                                                          | 1,369,839         | 1,369,945         | 12,989,150                               |
| Inventories (Notes 5 and 7)                                        | 169               | 181               | 1,579                                    |
| Prepaid expenses                                                   | 3,437             | 3,688             | 32,121                                   |
| Deferred tax assets (Note 9)                                       | 8,203             | 13,629            | 76,664                                   |
| Other current assets (Note 7)                                      | 34,865            | 52,831            | 325,841                                  |
| Total current assets                                               | 1,504,048         | 1,500,700         | 14,056,523                               |
| <b>PROPERTY AND EQUIPMENT:</b>                                     |                   |                   |                                          |
| Land                                                               | 5,613             | 5,613             | 52,458                                   |
| Buildings and structures                                           | 28,040            | 28,054            | 262,056                                  |
| Machinery and equipment                                            | 161               | 161               | 1,505                                    |
| Furniture and fixtures                                             | 16,157            | 15,024            | 151,000                                  |
| Construction in progress                                           | 209               | 57                | 1,953                                    |
| Total                                                              | 50,180            | 48,909            | 468,972                                  |
| Accumulated depreciation                                           | (21,685)          | (19,265)          | (202,664)                                |
| Net property and equipment                                         | 28,495            | 29,644            | 266,308                                  |
| <b>INVESTMENTS AND OTHER ASSETS:</b>                               |                   |                   |                                          |
| Investment securities (Note 6)                                     | 19,319            | 16,042            | 180,551                                  |
| Investments in and advances to subsidiaries (Note 10)              | 429,978           | 271,952           | 4,018,486                                |
| Claims in bankruptcy (Note 4)                                      | 25,278            | 22,925            | 236,243                                  |
| Allowance for advances to subsidiary and claims in bankruptcy      | (19,125)          | (18,265)          | (178,738)                                |
| Software, net                                                      | 11,113            | 10,405            | 103,860                                  |
| Long-term loans (less current portion)                             | 1,103             | 1,142             | 10,308                                   |
| Lease deposits                                                     | 8,716             | 8,118             | 81,458                                   |
| Long-term prepayments                                              | 3,193             | 4,774             | 29,841                                   |
| Deferred tax assets (Note 9)                                       | 14                | 769               | 131                                      |
| Deferred losses on hedging instruments, mainly interest rate swaps | 18,971            | 18,975            | 177,299                                  |
| Other assets                                                       | 2,444             | 2,895             | 22,842                                   |
| Total investments and other assets                                 | 501,004           | 339,732           | 4,682,281                                |
| <b>TOTAL</b>                                                       | <b>¥2,033,547</b> | <b>¥1,870,076</b> | <b>\$19,005,112</b>                      |

See notes to non-consolidated financial statements.

| LIABILITIES AND SHAREHOLDERS' EQUITY                                           | Millions of Yen   |                   | Thousands of<br>U.S. Dollars<br>(Note 3) |
|--------------------------------------------------------------------------------|-------------------|-------------------|------------------------------------------|
|                                                                                | 2005              | 2004              | 2005                                     |
| <b>CURRENT LIABILITIES:</b>                                                    |                   |                   |                                          |
| Short-term borrowings (Note 7)                                                 | ¥ 15,000          | ¥ 8,500           | \$ 140,187                               |
| Current portion of long-term debt (Note 7)                                     | 442,066           | 417,815           | 4,131,458                                |
| Trade notes payable                                                            | 4,599             | 4,162             | 42,981                                   |
| Trade accounts payable                                                         | 5,653             | 5,349             | 52,832                                   |
| Income taxes payable                                                           | 22,545            | 24,661            | 210,701                                  |
| Accrued expenses                                                               | 6,852             | 7,067             | 64,972                                   |
| Other current liabilities                                                      | 1,470             | 1,252             | 13,738                                   |
| Total current liabilities                                                      | 498,285           | 468,806           | 4,656,869                                |
| <b>LONG-TERM LIABILITIES:</b>                                                  |                   |                   |                                          |
| Long-term debt (less current portion) (Note 7)                                 | 931,549           | 857,414           | 8,706,065                                |
| Liability for retirement benefits (Note 2.g)                                   | 1,529             | 2,027             | 14,290                                   |
| Interest rate swaps                                                            | 17,835            | 18,832            | 166,682                                  |
| Other long-term liabilities                                                    | 41                | 92                | 384                                      |
| Total long-term liabilities                                                    | 950,954           | 878,365           | 8,887,421                                |
| <b>CONTINGENT LIABILITIES (Note 12)</b>                                        |                   |                   |                                          |
| <b>SHAREHOLDERS' EQUITY (Notes 8 and 14):</b>                                  |                   |                   |                                          |
| Common stock,<br>authorized, 373,500,000 shares;<br>issued, 94,690,000 shares  | 83,317            | 83,317            | 778,664                                  |
| Capital surplus –<br>Additional paid-in capital                                | 90,225            | 90,225            | 843,224                                  |
| Retained earnings:                                                             |                   |                   |                                          |
| Legal reserve                                                                  | 1,566             | 1,566             | 14,636                                   |
| Unappropriated                                                                 | 406,979           | 345,497           | 3,803,542                                |
| Net unrealized gain on available-for-sale securities                           | 5,285             | 4,362             | 49,392                                   |
| Total                                                                          | 587,372           | 524,967           | 5,489,458                                |
| Treasury stock, at cost – 284,465 shares in 2005<br>and 222,866 shares in 2004 | (3,064)           | (2,062)           | (28,636)                                 |
| Total shareholders' equity                                                     | 584,308           | 522,905           | 5,460,822                                |
| <b>TOTAL</b>                                                                   | <b>¥2,033,547</b> | <b>¥1,870,076</b> | <b>\$19,005,112</b>                      |

# NON-CONSOLIDATED STATEMENTS OF INCOME

AIFUL Corporation  
Years Ended March 31, 2005 and 2004

|                                                                                               | Millions of Yen |                 | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-----------------------------------------------------------------------------------------------|-----------------|-----------------|------------------------------------------|
|                                                                                               | 2005            | 2004            | 2005                                     |
| <b>INCOME:</b>                                                                                |                 |                 |                                          |
| Interest on loans                                                                             | 1,330,529       | ¥326,979        | \$3,089,056                              |
| Interest on deposits, securities and other (Note 10)                                          | 4,325           | 3,961           | 40,421                                   |
| Sales of property for sale                                                                    |                 | 50              |                                          |
| Recovery of loans previously charged off                                                      | 4,090           | 3,739           | 39,224                                   |
| Gain on exemption from pension obligation of the governmental program                         | 208             |                 | 1,944                                    |
| Other income                                                                                  | 8,005           | 5,495           | 74,813                                   |
| <b>Total income</b>                                                                           | <b>347,157</b>  | <b>340,224</b>  | <b>3,244,458</b>                         |
| <b>EXPENSES:</b>                                                                              |                 |                 |                                          |
| Interest on borrowings                                                                        | 29,835          | 31,187          | 278,632                                  |
| Charge-offs and provision for doubtful loans, advances to subsidiary and claims in bankruptcy | 97,385          | 109,221         | 910,140                                  |
| Salaries and other employees' benefits                                                        | 28,478          | 28,651          | 266,150                                  |
| Advertising expenses                                                                          | 14,979          | 13,697          | 139,991                                  |
| Rental expenses                                                                               | 14,016          | 13,926          | 130,991                                  |
| Commissions and fees                                                                          | 11,967          | 10,833          | 111,841                                  |
| Supplies                                                                                      | 1,028           | 1,859           | 9,607                                    |
| Depreciation and amortization                                                                 | 6,752           | 4,874           | 63,103                                   |
| Provision for employees' retirement benefits                                                  | 1,369           | 11              | 12,794                                   |
| Provision for retirement benefits to directors and corporate auditors                         | 76              | 121             | 710                                      |
| Other expenses                                                                                | 28,506          | 27,883          | 266,411                                  |
| <b>Total expenses</b>                                                                         | <b>234,391</b>  | <b>242,263</b>  | <b>2,190,570</b>                         |
| <b>INCOME BEFORE INCOME TAXES</b>                                                             | <b>112,766</b>  | <b>97,961</b>   | <b>1,053,888</b>                         |
| <b>INCOME TAXES (Note 9):</b>                                                                 |                 |                 |                                          |
| Current                                                                                       | 39,914          | 44,918          | 373,028                                  |
| Deferred                                                                                      | 5,551           | (43)            | 51,979                                   |
| <b>Total income taxes</b>                                                                     | <b>45,465</b>   | <b>44,875</b>   | <b>424,907</b>                           |
| <b>NET INCOME</b>                                                                             | <b>¥ 67,301</b> | <b>¥ 53,086</b> | <b>\$ 628,981</b>                        |

|                                                     | Yen     | U.S. Dollars |
|-----------------------------------------------------|---------|--------------|
| <b>AMOUNTS PER COMMON SHARE (Notes 2.q and 13):</b> |         |              |
| Basic net income                                    | ¥474.13 | \$4.43       |
| Diluted net income                                  | 474.09  | 4.43         |
| Cash dividends applicable to the year               | 60.00   | 0.56         |

See notes to non-consolidated financial statements.

# NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

AIFUL Corporation  
Years Ended March 31, 2005 and 2004

|                                                         | Thousands                                        |                 | Millions of Yen                  |                   |                |                                                                |                               |
|---------------------------------------------------------|--------------------------------------------------|-----------------|----------------------------------|-------------------|----------------|----------------------------------------------------------------|-------------------------------|
|                                                         | Number of<br>Shares of<br>Common Stock<br>Issued | Common<br>Stock | Capital Surplus                  | Retained Earnings |                | Net Unrealized<br>Gain on<br>Available-for-<br>sale Securities | Treasury<br>Stock,<br>at Cost |
|                                                         |                                                  |                 | Additional<br>Paid-in<br>Capital | Legal<br>Reserve  | Unappropriated |                                                                |                               |
| <b>BALANCE AT APRIL 1, 2003</b>                         | 94,690                                           | ¥83,317         | ¥90,225                          | ¥1,566            | ¥298,177       | ¥ (398)                                                        | ¥(2,053)                      |
| Net income                                              |                                                  |                 |                                  |                   | 53,086         |                                                                |                               |
| Cash dividends paid, ¥60 per share                      |                                                  |                 |                                  |                   | (5,668)        |                                                                |                               |
| Bonuses to directors and<br>corporate auditors          |                                                  |                 |                                  |                   | (98)           |                                                                |                               |
| Net unrealized gain on<br>available-for-sale securities |                                                  |                 |                                  |                   |                | 4,760                                                          |                               |
| Net increase in treasury stock<br>(1,228 shares)        |                                                  |                 |                                  |                   |                |                                                                | (9)                           |
| <b>BALANCE AT MARCH 31, 2004</b>                        | 94,690                                           | ¥83,317         | ¥90,225                          | ¥1,566            | ¥345,497       | ¥4,362                                                         | ¥(2,062)                      |
| Net income                                              |                                                  |                 |                                  |                   | 67,301         |                                                                |                               |
| Cash dividends paid, ¥60 per share                      |                                                  |                 |                                  |                   | (5,670)        |                                                                |                               |
| Bonuses to directors and<br>corporate auditors          |                                                  |                 |                                  |                   | (107)          |                                                                |                               |
| Net loss on disposal of treasury stock                  |                                                  |                 |                                  |                   | (42)           |                                                                |                               |
| Net unrealized gain on<br>available-for-sale securities |                                                  |                 |                                  |                   |                | 923                                                            |                               |
| Net increase in treasury stock<br>(61,599 shares)       |                                                  |                 |                                  |                   |                |                                                                | (1,002)                       |
| <b>BALANCE AT MARCH 31, 2005</b>                        | 94,690                                           | ¥83,317         | ¥90,225                          | ¥1,566            | ¥405,979       | ¥5,285                                                         | ¥(3,064)                      |

|                                                      | Thousands of U.S. Dollars (Note 3) |                                  |                   |                |                                                                |                               |
|------------------------------------------------------|------------------------------------|----------------------------------|-------------------|----------------|----------------------------------------------------------------|-------------------------------|
|                                                      | Common<br>Stock                    | Additional<br>Paid-in<br>Capital | Retained Earnings |                | Net Unrealized<br>Gain on<br>Available-for-<br>sale Securities | Treasury<br>Stock,<br>at Cost |
|                                                      |                                    |                                  | Legal<br>Reserve  | Unappropriated |                                                                |                               |
| <b>BALANCE AT MARCH 31, 2004</b>                     | \$778,664                          | \$843,224                        | \$14,636          | \$3,228,944    | \$40,766                                                       | \$(19,271)                    |
| Net income                                           |                                    |                                  |                   | 628,981        |                                                                |                               |
| Cash dividends paid, \$0.56 per share                |                                    |                                  |                   | (52,991)       |                                                                |                               |
| Bonuses to directors and corporate auditors          |                                    |                                  |                   | (1,000)        |                                                                |                               |
| Net loss on disposal of treasury stock               |                                    |                                  |                   | (392)          |                                                                |                               |
| Net unrealized gain on available-for-sale securities |                                    |                                  |                   |                | 8,626                                                          |                               |
| Net increase in treasury stock (61,599 shares)       |                                    |                                  |                   |                |                                                                | (9,365)                       |
| <b>BALANCE AT MARCH 31, 2005</b>                     | \$778,664                          | \$843,224                        | \$14,636          | \$3,803,542    | \$49,392                                                       | \$(28,636)                    |

See notes to non-consolidated financial statements.

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AIFUL Corporation  
Years Ended March 31, 2005 and 2004

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### 1. BASIS OF PRESENTING NON-CONSOLIDATED FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements of Aiful Corporation (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and accounting principles generally accepted in the United States of America.

As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, non-consolidated statements of cash flows and certain disclosures are not presented herein in accordance with Japanese GAAP.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's non-consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made in the 2004 financial statements to conform to the classifications used in 2005.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a. Non-Consolidation** – The non-consolidated financial statements do not include the accounts of subsidiaries. Investments in subsidiaries and associated companies are stated at cost.

**b. Cash Equivalents** – Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and certificate of deposits which mature or become due within three months of the date of acquisition.

**c. Inventories** – Inventories include property for sale. Property for sale is stated at the lower of cost or market, cost being determined by the specific identification method. Depreciation of property for sale currently rented is computed by the same method, as applied to property and equipment.

**d. Marketable and Investment Securities** – Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: i) investment securities in subsidiaries and associated companies, are reported at cost, and ii) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, marketable and investment securities are reduced to net realizable value by a charge to income.

Investments in limited liability investment partnerships and other similar partnerships are initially recorded at cost, and the carrying amount is adjusted to recognize the Company's interests in earnings or losses in such partnerships based on the recent available financial statements of the partnerships.

**e. Property and Equipment** – Property and equipment are stated at cost. Depreciation is computed by the declining-balance method. The range of useful lives is principally from 3 to 50 years for buildings and structures, from 13 to 15 years for machinery and equipment and from 3 to 20 years for furniture and fixtures.

**f. Software** – Expenditures for the purchase of software, which meet certain future-tests, are capitalized as software and amortized by the straight-line method over the estimated useful lives of five years.

**g. Liability for Retirement Benefits** – The Company had contributory and non-contributory funded pension plans covering substantially all employees. Under the pension plans, employees terminating their employment were, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors. If the termination was involuntary, employees were usually entitled to larger payments than in the case of voluntary termination.

The Company accounted for the net liability for retirement benefits based on projected benefit obligation and plan assets at the balance sheet date.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company. In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval. On September 25, 2003, the Company obtained approval for exemption from the future obligation by the Ministry of Health, Labor and Welfare.

The Company applied for the transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labor and Welfare on September 30, 2004.

The Company thereafter transferred the substitutional portion of the pension obligations and related assets to the government on March 16, 2005. The Company recognized a gain on exemption from pension obligation of governmental program in the amount of ¥208 million (\$1,944 thousand) for the year ended March 31, 2005.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, effective October 1, 2004, the Company implemented a defined contribution pension plan and prepaid retirement benefits plan while the former qualified defined benefit pensions plan and severance lump-sum payment plan were terminated on September 30, 2004. As of March 31, 2005, the amount of retirement benefits relating to prior services incurred by each employee, which has to be allocated to each employee's accounts has not been finally determined. Contributions to the defined contribution plan and payments to prepaid retirement benefits plan are charged to income when incurred.

Liability for retirement benefits to directors and corporate auditors is provided at the amount which would be required if they retired at each balance sheet date.

The balances of retirement benefits include those to directors and corporate auditors in the amount of ¥1,210 million (\$11,308 thousand) and ¥1,221 million for the years ended March 31, 2005 and 2004, respectively.

**h. Allowances for Doubtful Loans** – The allowance for doubtful loans is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

**i. Leases** – All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's non-consolidated financial statements.

**j. Income Taxes** – The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**k. Appropriations of Retained Earnings** – Appropriations of retained earnings are reflected in the non-consolidated financial statements for the following year upon shareholders' approval.

**l. Foreign Currency Transactions** – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the non-consolidated statements of income.

**m. Interest on Loans** – Interest on loans is recorded on an accrual basis. In accordance with the practice prevailing in the industry, the Company records accrued interest to the extent that the realization of such income is considered to be certain.

**n. Interest on Borrowings** – Interest on financial liabilities is accounted for as operating expenses while other interest is included in other expenses.

**o. Bonds Issue Costs** – Bonds issue costs, which are included in other assets, are amortized ratably over periods up to three years.

**p. Derivatives and Hedging Activities** – The Company uses derivative financial instruments to manage its exposures to fluctuations in interest rates and foreign exchange. Interest rate swaps and caps, and currency swaps contracts are utilized by the Company to reduce interest rate and foreign currency exchange risks. The Company does not enter into derivatives for trading or speculative purposes. The accounting standard for derivative financial instruments requires that: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the non-consolidated statements of income, and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Currency swaps contracts are utilized to hedge foreign currency exposures in principal and interest payment of U.S. dollar straight bonds. U.S. dollar straight bonds are translated at the contracted rates.

The interest rate swaps and caps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap or cap contracts are recognized and included in interest expense or income.

**q. Per Share Information** – Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share of common stock reflects the potential dilution that could occur if securities were exercised into common stock and assumes full exercise of outstanding stock options.

Cash dividends per share presented in the accompanying non-consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, which is not retroactively adjusted for stock splits.

**r. New Accounting Pronouncements** – In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets", and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets". These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Company expects to adopt such accounting standards on April 1, 2005 and is currently in the process of assessing the effect of their adoption.

### 3. TRANSLATION INTO UNITED STATES DOLLARS

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥107 to \$1, the approximate rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### 4. LOANS

Loans at March 31, 2005 and 2004 consisted of the following (before allowance for doubtful loans):

|                      | Millions of Yen |            | Thousands of<br>U.S. Dollars |
|----------------------|-----------------|------------|------------------------------|
|                      | 2005            | 2004       | 2005                         |
| Unsecured            | ¥1,093,663      | ¥1,081,058 | \$10,221,150                 |
| Secured              | 345,180         | 342,637    | 3,225,981                    |
| Small business loans | 32,924          | 27,943     | 307,701                      |
| Total                | ¥1,471,767      | ¥1,451,638 | \$13,754,832                 |

Registered moneylenders are required to disclose the following information under the Non-Bank Bond Law.

|                                                                                                    | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|----------------------------------------------------------------------------------------------------|-----------------|----------|------------------------------|
|                                                                                                    | 2005            | 2004     | 2005                         |
| Loans in legal bankruptcy                                                                          | ¥ 28,145        | ¥ 26,108 | \$ 263,037                   |
| Nonaccrual loans                                                                                   | 48,221          | 42,141   | 450,664                      |
| Accruing loans contractually past due three months or more as to<br>principal or interest payments | 12,101          | 12,376   | 113,093                      |
| Restructured loans                                                                                 | 40,156          | 37,260   | 375,664                      |
| Total                                                                                              | ¥128,663        | ¥117,885 | \$1,202,458                  |

Loans in legal bankruptcy are loans in which accruals of interest are discontinued (excluding the portion recognized as bad debts), based on management's judgment as to the collectibility of principal or interest resulting from the past due payment of interest or principal and other factors. Allowances for claims in bankruptcy are stated at such amount less net realizable value of collateral.

Nonaccrual loans are loans in which accruals of interest are discontinued, and those other than loans in legal bankruptcy as well as loans receiving regular payments in case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Accruing loans contractually past due three months or more as to principal or interest payments are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded from accruing loans contractually past due three months or more.

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing loans contractually past due three months or more are excluded.

At March 31, 2005 and 2004, the Company had the balances related to revolving loan contracts of ¥1,365,871 million (\$12,765,150 thousand) and ¥1,083,951 million, respectively, whereby a commitment is set up for each loan customer, and the Company is obligated to advance funds up to a predetermined amount upon request. At March 31, 2005 and 2004, the balances of unadvanced commitments were ¥549,903 million (\$5,139,280 thousand) and ¥535,216 million, respectively. The loan contract contains provisions that allow the Company to reduce the contract amount of the commitment or refuse to advance funds to loan customers under certain conditions.

## 5. INVENTORIES

Inventories at March 31, 2005 and 2004 consisted of the following:

|                   | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|-------------------|-----------------|------|------------------------------|
|                   | 2005            | 2004 | 2005                         |
| Property for sale | ¥169            | ¥181 | \$1,579                      |

## 6. MARKETABLE AND INVESTMENT SECURITIES

Disclosure of cost and fair value of marketable and investment securities at March 31, 2005 and 2004 is not presented herein, as such information is permitted to be omitted if disclosed in consolidated financial statements under Japanese GAAP.

## 7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2005 and 2004 consisted of the following:

|                                                                                   | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|-----------------------------------------------------------------------------------|-----------------|--------|------------------------------|
|                                                                                   | 2005            | 2004   | 2005                         |
| Loans from banks, 0.70% to 0.74% (0.80% to 1.05% at March 31, 2004)               | ¥10,000         | ¥6,500 | \$ 93,458                    |
| Loans from other financial institutions, 1.38% to 1.48% (1.48% at March 31, 2004) | 5,000           | 2,000  | 46,729                       |
| Total                                                                             | ¥15,000         | ¥8,500 | \$140,187                    |

Long-term debt at March 31, 2005 and 2004 consisted of the following:

|                                                                                                                                           | Millions of Yen |           | Thousands of<br>U.S. Dollars |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------|------------------------------|
|                                                                                                                                           | 2005            | 2004      | 2005                         |
| Loans from banks, 0.58% to 3.20%, due serially to 2010<br>(0.69% to 4.20%, due serially to 2008 at March 31, 2004)                        | ¥ 530,924       | ¥ 446,258 | \$ 4,951,907                 |
| Loans from other financial institutions, 1.45% to 3.35%, due serially to 2010<br>(1.45% to 4.00%, due serially to 2008 at March 31, 2004) | 193,769         | 194,767   | 1,867,187                    |
| Syndicated Loans, 0.79% to 1.94%, due serially to 2011<br>(0.89% to 1.87%, due serially to 2009 at March 31, 2004)                        | 94,304          | 87,603    | 881,345                      |
| Unsecured 2.00% to 2.53% yen straight bonds, due 2004                                                                                     |                 | 90,000    |                              |
| Unsecured 0.80% to 2.00% yen straight bonds, due 2005<br>(0.80% to 2.00%, at March 31, 2004)                                              | 80,000          | 80,000    | 747,664                      |
| Unsecured 1.30% to 3.27% yen straight bonds, due 2006<br>(1.30% to 3.27% at March 31, 2004)                                               | 78,500          | 78,500    | 733,645                      |
| Unsecured 1.66% to 2.51% yen straight bonds, due 2007<br>(1.66% to 2.51% at March 31, 2004)                                               | 43,000          | 43,000    | 401,869                      |
| Unsecured 0.54% to 2.48% yen straight bonds, due 2008<br>(1.07% to 2.48% at March 31, 2004)                                               | 51,000          | 50,000    | 476,636                      |
| Unsecured 1.01% to 3.28% yen straight bonds, due 2009<br>(1.98% to 3.28% at March 31, 2004)                                               | 58,000          | 28,000    | 542,056                      |
| Unsecured 1.25% to 3.00% yen straight bonds, due 2010<br>(1.25% to 3.00% at March 31, 2004)                                               | 30,000          | 30,000    | 280,374                      |
| Unsecured 1.50% to 1.58% yen straight bonds, due 2011                                                                                     | 20,000          |           | 186,916                      |
| Unsecured 1.20% yen straight bonds, due 2012                                                                                              | 10,000          |           | 93,458                       |
| Unsecured 1.74% yen straight bonds, due 2013<br>(1.74% at March 31, 2004)                                                                 | 10,000          | 10,000    | 93,458                       |
| Unsecured variable rate Euro-yen straight bonds, due 2006<br>(1.80% at March 31, 2005, 1.80% at March 31, 2004)                           | 12,500          | 12,500    | 116,822                      |
| Unsecured 4.45% U.S. dollar straight bonds, due 2010                                                                                      | 52,890          |           | 494,299                      |
| Unsecured 0.86% medium-term notes, due 2005                                                                                               | 4,000           | 4,000     | 37,383                       |
| Unsecured 2.21% medium-term notes, due 2007                                                                                               | 1,000           | 1,000     | 9,346                        |
| Unsecured 3.00% medium-term notes, due 2008                                                                                               | 3,000           | 3,000     | 28,037                       |
| Unsecured 3.50% medium-term notes, due 2015                                                                                               | 15,000          | 15,000    | 140,187                      |
| Other (principally from leasing and factoring companies),<br>0.79% to 1.90%, due serially to 2010 (0.85% to 2.30%, at March 31, 2004)     | 79,708          | 101,601   | 744,933                      |
| Total                                                                                                                                     | 1,373,615       | 1,275,229 | 12,837,523                   |
| Less current portion                                                                                                                      | (442,065)       | (417,815) | (4,131,458)                  |
| Long-term debt, less current portion                                                                                                      | ¥ 931,549       | ¥ 857,414 | \$ 8,706,065                 |

Annual maturities of long-term debt at March 31, 2005 were as follows:

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|----------------------|-----------------|---------------------------|
| 2006                 | ¥ 442,036       | \$ 4,131,458              |
| 2007                 | 363,282         | 3,395,159                 |
| 2008                 | 233,164         | 2,179,103                 |
| 2009                 | 111,237         | 1,039,598                 |
| 2010                 | 146,642         | 1,370,485                 |
| 2011 and thereafter  | 77,224          | 721,720                   |
| Total                | ¥1,373,615      | \$12,837,523              |

At March 31, 2005, the following assets were pledged as collateral for long-term debt (including current portion of long-term debt):

|                                                              | Millions of Yen | Thousands of U.S. Dollars |
|--------------------------------------------------------------|-----------------|---------------------------|
| Loans                                                        | ¥712,805        | \$6,661,729               |
| Inventories                                                  | 113             | 1,056                     |
| Total                                                        | ¥712,918        | \$6,662,785               |
| Related liabilities –                                        |                 |                           |
| Long-term debt (including current portion of long-term debt) | ¥473,070        | \$4,421,215               |

The above table includes loans related to securitized loans of ¥44,039 million (\$3,215,318 thousand), and related liabilities (long-term debt including current portion) of ¥134,266 million (\$1,254,822 thousand).

Property and equipment of Marutoh KK, the Company's subsidiary, were pledged as collateral for the above liabilities.

In addition, if requested by lending financial institutions, the Company has committed to pledge collateral for loans other than those shown in the above table. At March 31, 2005, related liabilities for which lending financial institutions can request the Company to pledge collateral consisted of the following:

|                                                              | Millions of Yen | Thousands of U.S. Dollars |
|--------------------------------------------------------------|-----------------|---------------------------|
| Long-term debt (including current portion of long-term debt) | ¥109,885        | \$1,026,963               |

At March 31, 2005, other current assets amounting to ¥4,456 million (\$41,645 thousand), were pledged as collateral for the interest rate swap contracts.

A portion of the Company's syndicated loans are subject to repayment if the Company fails to meet certain financial criteria, such as those relating to minimum tangible net worth levels, specified ratios of liabilities to tangible net worth and to equity, specified asset compositions and minimum recurring income levels, and operating criteria, such as those relating to bad debt charge-off levels. As of March 31, 2005, the Company was in compliance with all of these covenants.

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## 8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at a general shareholders' meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥430,915 million (\$4,027,243 thousand) as of March 31, 2005, based on the amount recorded in the Company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

At the Shareholders' General Meeting held on June 27, 2001, the Company's shareholders approved the stock option plan for the Company's directors and key employees.

The plan provides for granting options to directors and key employees to purchase the Company's common stock at an exercise price of ¥6,386 per share during the period from July 1, 2003 to June 30, 2006. The maximum number of shares to be issued upon exercise of the option was 67 thousand shares as of March 31, 2005.

At the Shareholders' General Meeting held on June 25, 2004, the Company's shareholders approved the stock option plan for the Company's and subsidiaries' directors and key employees. The plan provides for granting options to purchase the Company's common stock at an exercise price of ¥7,774 per share during the period from July 1, 2006 to June 30, 2009. The maximum number of shares to be issued upon exercise of the option was 343 thousand shares as of March 31, 2005.

The Company made a stock split subsequent to the date of the option grants mentioned above, and the number of shares to be issued and exercise price is adjusted based upon a certain formula, as defined.

The Company issues acquired treasury stock upon exercise of the stock options. Pursuant to the revision of the Japanese Commercial Code, the Company revised its articles of incorporation as the Company could repurchase its common stock as treasury stock by resolution of the Board of Directors.

## 9. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% and 41.9% for the years ended March 31, 2005 and 2004, respectively.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.9% to 40.6%, effective for years beginning on or after April 1, 2004. The deferred tax assets and liabilities which will realize on or after April 1, 2004 are measured at the effective tax rate of 40.6% as at March 31, 2004.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

|                                                                       | Millions of Yen |                | Thousands of U.S. Dollars |
|-----------------------------------------------------------------------|-----------------|----------------|---------------------------|
|                                                                       | 2005            | 2004           | 2005                      |
| <b>Current Deferred Tax Assets:</b>                                   |                 |                |                           |
| Provision for doubtful loans                                          |                 | ¥ 6,732        |                           |
| Enterprise tax payable                                                | ¥1,288          | 1,409          | \$12,038                  |
| Charge-offs for doubtful loans                                        | 3,658           | 2,518          | 34,280                    |
| Accrued interest on loans                                             | 2,163           | 1,881          | 20,215                    |
| Accrued bonuses                                                       | 958             | 973            | 9,047                     |
| Other                                                                 | 116             | 116            | 1,084                     |
| <b>Current deferred tax assets</b>                                    | <b>¥3,203</b>   | <b>¥13,629</b> | <b>\$76,664</b>           |
| <b>Non-current Deferred Tax Assets:</b>                               |                 |                |                           |
| Provision for doubtful loans                                          | ¥ 550           | ¥ 648          | \$ 5,140                  |
| Depreciation and amortization                                         | 1,636           | 1,606          | 15,290                    |
| Provision for retirement benefits to directors and corporate auditors | 491             | 495            | 4,589                     |
| Other                                                                 | 946             | 999            | 8,841                     |
| <b>Non-current deferred tax assets</b>                                | <b>3,623</b>    | <b>3,748</b>   | <b>33,860</b>             |
| <b>Non-current Deferred Tax Liabilities—</b>                          |                 |                |                           |
| Unrealized gain on available-for-sale securities                      | 3,609           | 2,979          | 33,729                    |
| <b>Net non-current deferred tax assets</b>                            | <b>¥ 14</b>     | <b>¥ 769</b>   | <b>\$ 131</b>             |

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2004 and the actual effective tax rate reflected in the accompanying non-consolidated statements of income was as follows:

|                                             | 2004         |
|---------------------------------------------|--------------|
| Normal effective statutory tax rates        | 41.9%        |
| Increase in tax rate resulting from:        |              |
| Additional taxation on undistributed income | 5.3          |
| Other, net                                  | (1.4)        |
| <b>Actual effective tax rates</b>           | <b>45.8%</b> |

As the difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying non-consolidated statement of income for the year ended March 31, 2005 is not more than 5% of the normal effective statutory tax rate, a reconciliation has not been disclosed as permitted under Japanese GAAP.

## 10. RELATED PARTY TRANSACTIONS

The balances due from subsidiaries at March 31, 2005 and 2004 and transactions of the Company with subsidiaries for the years ended March 31, 2005 and 2004 were as follows:

|                          | Millions of Yen |          | Thousands of U.S. Dollars |
|--------------------------|-----------------|----------|---------------------------|
|                          | 2005            | 2004     | 2005                      |
| Advances to subsidiaries | ¥298,224        | ¥157,087 | \$2,787,140               |
| Interest income          | 4,076           | 3,821    | 38,093                    |

## 11. LEASES

The Company leases vehicles, computer equipment, furniture and fixtures, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2005 and 2004 were as follows:

|                      | Millions of Yen       |                                     | Thousands of U.S. Dollars |                                     |
|----------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------------|
|                      | Total Rental Expenses | Lease Payments Under Finance Leases | Total Rental Expenses     | Lease Payments Under Finance Leases |
| Year Ended March 31: |                       |                                     |                           |                                     |
| 2005                 | ¥14,016               | ¥ 2,565                             | \$130,991                 | \$ 23,972                           |
| 2004                 | 13,926                | 3,986                               |                           |                                     |

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance leases, depreciation expense, and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 were as follows:

|                          | As of March 31, 2005    |                        |        |
|--------------------------|-------------------------|------------------------|--------|
|                          | Millions of Yen         |                        |        |
|                          | Machinery and Equipment | Furniture and Fixtures | Total  |
| Acquisition cost         | ¥163                    | ¥6,188                 | ¥6,351 |
| Accumulated depreciation | 80                      | 5,118                  | 5,198  |
| Net leased property      | ¥ 83                    | ¥1,070                 | ¥1,153 |

|                          | As of March 31, 2004    |                        |         |
|--------------------------|-------------------------|------------------------|---------|
|                          | Millions of Yen         |                        |         |
|                          | Machinery and Equipment | Furniture and Fixtures | Total   |
| Acquisition cost         | ¥259                    | ¥17,642                | ¥17,901 |
| Accumulated depreciation | 206                     | 14,132                 | 14,338  |
| Net leased property      | ¥ 53                    | ¥ 3,510                | ¥ 3,563 |

|                          | As of March 31, 2005      |                        |          |
|--------------------------|---------------------------|------------------------|----------|
|                          | Thousands of U.S. Dollars |                        |          |
|                          | Machinery and Equipment   | Furniture and Fixtures | Total    |
| Acquisition cost         | \$1,523                   | \$57,832               | \$59,355 |
| Accumulated depreciation | 747                       | 47,832                 | 48,579   |
| Net leased property      | \$ 776                    | \$10,000               | \$10,776 |

Obligations under finance leases:

|                     | Millions of Yen |        | Thousands of U.S. Dollars |
|---------------------|-----------------|--------|---------------------------|
|                     | 2005            | 2004   | 2005                      |
| Due within one year | ¥ 816           | ¥2,499 | \$ 8,561                  |
| Due after one year  | 268             | 1,102  | 2,505                     |
| Total               | ¥1,184          | ¥3,601 | \$11,066                  |

Depreciation expense and interest expense, which are not reflected in the accompanying non-consolidated statements of income, computed under a straight-line method and the interest method were as follows:

|                      | Millions of Yen |        | Thousands of U.S. Dollars |
|----------------------|-----------------|--------|---------------------------|
|                      | 2005            | 2004   | 2005                      |
| Depreciation expense | ¥2,455          | ¥3,820 | \$22,944                  |
| Interest expense     | 50              | 104    | 467                       |

## 12. CONTINGENT LIABILITIES

At March 31, 2005, contingent liabilities were ¥43,180 million (\$403,551 thousand) of guarantees and similar items of bank loans.

## 13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2005 and 2004 is as follows:

|                                             | Yen in millions | Thousands of shares     | Yen     | Dollars |
|---------------------------------------------|-----------------|-------------------------|---------|---------|
|                                             | Net income      | Weighted average shares | EPS     |         |
| <b>For the year ended March 31, 2005:</b>   |                 |                         |         |         |
| Basic EPS                                   |                 |                         |         |         |
| Net income available to common shareholders | ¥67,175         | 141,680                 | ¥474.13 | \$4.43  |
| Effect of Dilutive Securities               |                 |                         |         |         |
| Stock Options                               |                 | 11                      |         |         |
| Diluted EPS                                 |                 |                         |         |         |
| Net income for computation                  | ¥67,175         | 141,691                 | ¥474.09 | \$4.43  |
| <b>For the year ended March 31, 2004:</b>   |                 |                         |         |         |
| Basic EPS                                   |                 |                         |         |         |
| Net income available to common shareholders | ¥52,980         | 141,702                 | ¥373.88 |         |

Diluted EPS for the year ended March 31, 2004 is not disclosed because it is anti-dilutive.

## 14. SUBSEQUENT EVENTS

### a. Stock Split

On February 21, 2005, the Board of Directors declared a three for two stock split to shareholders of record on March 31, 2005. As a result, the number of the issued and outstanding common stock increased by 47,345,000 shares effective May 23, 2005.

### b. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2005 were approved at the Shareholders' General Meeting held on June 24, 2005:

|                                                 | Millions of Yen | Thousands of<br>U.S. Dollars |
|-------------------------------------------------|-----------------|------------------------------|
| Year-end cash dividends, ¥30 (\$0.28) per share | ¥2,832          | \$26,467                     |
| Bonuses to directors and corporate auditors     | 127             | 1,187                        |

### c. Stock option plan

The following stock option plan was approved at the Shareholders' General Meeting held on June 24, 2005:

The plan provides for granting options to directors and key employees of Company and subsidiaries to purchase up to 400 thousand shares of the Company's common stock in the period from July 1, 2007 to June 30, 2010. The options will be granted to purchase common stock at the higher of 103% of the average fair market price for the preceding month of the grant, or the fair market price at the time of grant. The Company plans to grant stock purchase warrants and issue stock upon exercise of the stock options.

## INDEPENDENT AUDITORS' REPORT

**Deloitte**

 **Shimbashi & Co.**

### INDEPENDENT AUDITORS' REPORT

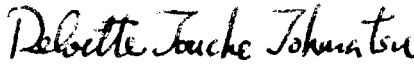
To the Board of Directors and Shareholders of  
Aiful Corporation:

We have audited the accompanying non-consolidated balance sheets of Aiful Corporation as of March 31, 2005 and 2004, and the related non-consolidated statements of income, shareholders' equity for the years then ended, all expressed in Japanese yen. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aiful Corporation as of March 31, 2005 and 2004, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

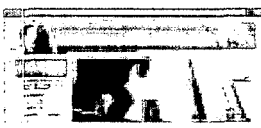
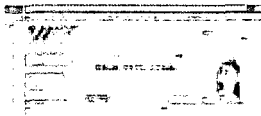
  
DELOITTE TOUCHE TOHMATSU  
Kyoto, Japan

June 24, 2005

  
SHIMBASHI & CO.  
Osaka, Japan

June 24, 2005

**GROUP NETWORK** (As of March 31, 2005)

| Companies                                                                                                                                           | URL                                                                                  | Business Classification                                                                                | Equity Position (%) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------|
| <b>AIFUL CORPORATION</b><br>http://www.aiful.co.jp<br>http://www.ir-aiful.com                                                                       |    | Unsecured loans /<br>Home equity loans /<br>Small business loans /<br>Loan guarantees                  | -                   |
| <b>LIFE Co., Ltd.</b><br>http://www.lifecard.co.jp                                                                                                  |    | Credit card shopping /<br>Shopping loans /<br>Unsecured loans / Loan guarantees /<br>Home equity loans | 95.88               |
| <b>BUSINEXT CORPORATION</b><br>http://www.businext.co.jp                                                                                            |    | Small business loans<br>(Middle risk) /<br>Home equity loans                                           | 60.00               |
| <b>City's Corporation</b><br>http://www.citys.co.jp<br>Includes shares owned indirectly through<br>City's holding company City Green<br>Corporation |    | Small business loans<br>(High risk) /<br>Home equity loans                                             | 100.00              |
| <b>TRYTO CORPORATION</b><br>http://365157.jp                                                                                                        |   | Unsecured loans<br>(High risk) /<br>Home equity loans                                                  | 100.00              |
| <b>Wide Corporation</b><br>http://www.wide-net.co.jp                                                                                                |  | Unsecured loans<br>(High risk)                                                                         | 100.00              |
| <b>TCM. Co. Ltd.</b><br>http://www.pockeclub.com                                                                                                    |  | Unsecured loans<br>(High risk)                                                                         | 100.00              |
| <b>Passkey Co., Ltd.</b><br>http://www.passkey.co.jp                                                                                                |  | Unsecured loans<br>(High risk) /<br>Home equity loans                                                  | 100.00              |
| <b>AsTry Loan<br/>Services Corporation</b><br>http://www.stry-s.co.jp                                                                               |  | Debt collection<br>(Servicer)                                                                          | 86.00               |
| <b>New Frontier<br/>Partners Co., Ltd.</b><br>http://www.nf-partners.co.jp                                                                          |  | Venture capital                                                                                        | 100.00              |
| <b>Marutoh KK</b><br>http://www.marutoh.com                                                                                                         |  | Real estate business                                                                                   | 100.00              |

## INVESTOR INFORMATION (As of March 31, 2005)

### CORPORATE PROFILE

**Corporate Name:** AIFUL CORPORATION  
**Address of Head Office:** 381-1, Takasago-cho,  
Gojo-Agaru, Karasuma-Dori,  
Shimogyo-ku, Kyoto 600-8420,  
Japan  
**Date of Establishment:** April 1967  
**Common Stock:** ¥83,317 million  
**Number of Employees:** Non Consolidated: 3,184  
Consolidated: 6,510

### SHAREHOLDERS INFORMATION

**Number of Shares of Common Stock:**  
**Authorized:** 373,500,000 shares  
**Issued and Outstanding:** 142,035,000 shares  
**Number of Shareholders:** 4,381  
**Independent Auditors:** Deloitte Touche Tohmatsu  
Shimbashi & Co.  
**Transfer Agent and Registrar:** The Sumitomo Trust & Banking  
Co., Ltd.

### STOCK LISTING

**Tokyo Stock Exchange:** The First Section  
**Osaka Securities Exchange:** The First Section  
**Securities Code:** 8515

#### FOR FURTHER INFORMATION AND ADDITIONAL COPIES OF THIS ANNUAL REPORT, PLEASE CONTACT

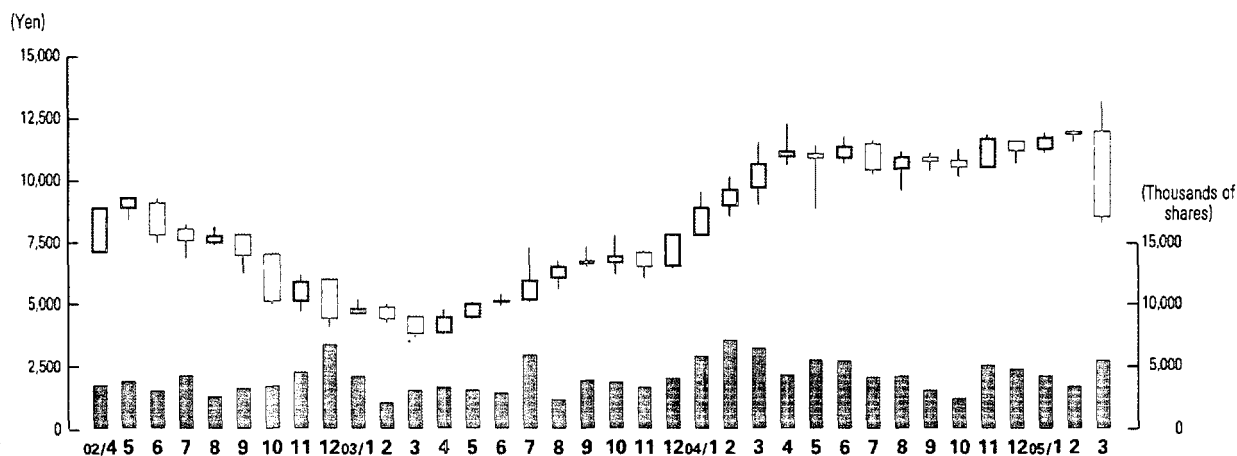
Investor Relations Section

**Tokyo Office** 8th-Floor Toho-Hibiya Bldg. (Hibiya Chanter), 1-2-2  
Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan

**Phone:** +81-3-4503-6100 **Facsimile:** +81-3-4503-6109

**E-mail:** ir@aiful.co.jp

### TRANSITION OF A STOCK PRICE AND VOLUME OF TRADING (April 1, 2002–March 31, 2005)

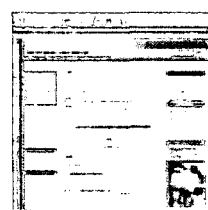


Note: On May 23, 2005, each common, par value share held as of March 31, 2005, was split into 1.5 shares according to provisions of Article 218 of the Japanese Commercial Code.

### INVESTOR RELATIONS WEBSITE

To improve its disclosure activities, AIFUL maintains an IR section within its website that contains not only operating results and other statistics, but also the corporate philosophy, management strategy, data on the consumer finance market and business alliances, and other types of information that go beyond financial statements.

<http://www.ir-aiful.com/english/index.html>



# WATCH OUR VISION FLY



# 2005年3月期 決算データブック

Data Book (March, 2005)

|                       |                                                       |             |
|-----------------------|-------------------------------------------------------|-------------|
| 1. 主要利益数値             | Review of Profit/Group & AIFUL                        | .....1p     |
| 2. グループ合計営業実績         | Review of Operation/Group Total                       | .....2p     |
| 3. グループ合計損益の内訳        | Revenue and Expenses/Group Total                      | .....3p     |
| 4. グループ合計資金調達の状況      | Review of Funding/Group Total                         | .....4p     |
| 5. アイフル営業実績           | Review of Operation/AIFUL                             | .....5p     |
| 6. アイフル損益の内訳          | Revenue and Expenses/AIFUL                            | .....6p     |
| 7. アイフル資金調達の状況        | Review of Funding/AIFUL                               | .....7p     |
| 8. アイフル債権ポートフォリオ      | Analysis of Loan Portfolio/AIFUL                      | .....8p     |
| 9. アイフル無担保ローン顧客属性     | Unsecured Loans Customer Profile/AIFUL                | .....9p     |
| 10. アイフル有担保ローン顧客属性    | Home Equity Loans Customer Profile/AIFUL              | .....10p    |
| 11. アイフル貸倒&不良債権       | Credit Cost & NPL's/AIFUL                             | .....11~14p |
| 12. ライフ営業指標           | Review of Operation/LIFE                              | .....15p    |
| 13. ライフ損益の内訳          | Revenue and Expenses/LIFE                             | .....16~17p |
| 14. ライフ資金調達の状況        | Revenue of Funding/LIFE                               | .....18p    |
| 15. ライフ顧客属性           | Customer Profile/LIFE                                 | .....19p    |
| 16. ライフ貸倒&不良債権        | Credit Cost & NPL's/LIFE                              | .....20~21p |
| 17. ライフ利回り            | Average Yield/LIFE                                    | .....22p    |
| 18. 銀行保証事業            | Bank Loan Guarantee /AIFUL & LIFE                     | .....22p    |
| 19. 事業者ローン2社の営業指標     | Review of Operation/Small Business Loan Subsidiaries  | .....23p    |
| 20. 消費者金融グループ会社の営業指標  | Review of Operation/Consumer Finance Subsidiaries     | .....24p    |
| 21. 事業者ローン2社の損益の内訳    | Revenue and Expenses/Small Business Loan Subsidiaries | .....25p    |
| 22. 消費者金融グループ会社の損益の内訳 | Revenue and Expenses/Consumer Finance Subsidiaries    | .....26~27p |
| 23. グループ経営一覽表         | Group Management                                      | .....28p    |
| 24. 消費者金融業界動向         | Overview of Consumer Credit Industry                  | .....29p    |

—注:業績予想に関する注意事項—

このデータブックの数値のうち、過去の事実以外のアイフル株式会社及びそのグループ会社の計画・方針その他の記載にかかわるものは、将来の業績にかかる予想値であり、それらはいずれも、現時点においてアイフル株式会社及びそのグループ会社が把握している情報に基づき経営上の想定や見解を基礎に算出されたものです。従いまして、これらの予想値は、リスクや不確定要因を内包するものであり、現実の業績は、諸々の要因により、これらの予想値と異なってくる可能性があります。ここでの潜在的なリスクや不確定要因として考えられるものとしては、例えば、アイフル株式会社及びそのグループ会社を取り巻く経済情勢や消費者金融を取り巻く市場規模の変化、債務不履行に陥る顧客の割合、アイフル株式会社及びそのグループ会社が支払う借入金利率のレベル、法定貸付上限金利のレベル等が考えられますが、これらに限りません。なお、この資料はいかなる証券の投資勧誘を目的として作成したものではありません。

—Note: Forward Looking Statements—

The figures contained in this DATA BOOK with respect to AIFUL's plans and strategies and other statements that are not historical facts are forward-looking statements about the future Performance of AIFUL which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and 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 AIFUL's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates charged by AIFUL. This DATA BOOK does not constitute any offer of any securities for sale.

**アイフル株式会社**  
AIFUL CORPORATION

# 主要利益数値 (Review of Profit / Group & AIFUL)

## (1) 連結 (Consolidated)

| 項目         | 年/決算月 (Fiscal Year) | 03/3      |  | 04/3      |      | 05/3      |      | 2006/3 (E) |       |
|------------|---------------------|-----------|--|-----------|------|-----------|------|------------|-------|
|            |                     | 増減率(yoY%) |  | 増減率(yoY%) |      | 増減率(yoY%) |      | 増減率(yoY%)  |       |
| 営業収益       | (百万円)               | 449,458   |  | 473,477   | 5.3  | 518,416   | 9.5  | 555,049    | 7.1   |
| 営業費用       | (百万円)               | 333,462   |  | 360,911   | 8.2  | 383,700   | 6.3  | 400,244    | 4.3   |
| 営業利益       | (百万円)               | 115,995   |  | 112,566   | -3.0 | 134,716   | 19.7 | 154,805    | 14.9  |
| 経常利益       | (百万円)               | 111,797   |  | 112,446   | 0.6  | 135,294   | 20.3 | 155,000    | 14.6  |
| 当期純利益      | (百万円)               | 59,910    |  | 62,548    | 4.4  | 75,723    | 21.1 | 91,762     | 21.2  |
| 総資本        | (百万円)               | 2,282,113 |  | 2,332,761 | 2.2  | 2,574,286 | 10.4 | 2,787,546  | 8.3   |
| 株主資本       | (百万円)               | 485,991   |  | 547,503   | 12.7 | 617,352   | 12.8 | 697,361    | 13.0  |
| 一株当たり当期純利益 | (円)                 | 637.59    |  | 660.98    | 3.7  | 800.10    | 21.0 | 648.00     | -19.0 |
| 一株当たり株主資本  | (円)                 | 5,143.45  |  | 5,794.58  | 12.7 | 6,537.77  | 12.8 | 4,924.58   | -24.7 |
| 株主資本比率     | (%)                 | 21.3      |  | 23.5      | 2.2  | 24.0      | 0.5  | 25.0       | 1.0   |
| 株主資本当期純利益率 | (%)                 | 13.2      |  | 12.1      | -1.1 | 13.0      | 0.9  | 14.0       | 1.0   |
| 総資本当期純利益率  | (%)                 | 2.8       |  | 2.7       | -0.1 | 3.1       | 0.4  | 3.4        | 0.3   |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease  
 ※ 05/3期中に、1:1.5の株式分割実施 Stock split (1:1.5) in FY2005

## (2) 単体 (AIFUL)

| 項目         | 年/決算月 (Fiscal Year) | 03/3      |  | 04/3      |       | 05/3      |      | 2006/3 (E) |       |
|------------|---------------------|-----------|--|-----------|-------|-----------|------|------------|-------|
|            |                     | 増減率(yoY%) |  | 増減率(yoY%) |       | 増減率(yoY%) |      | 増減率(yoY%)  |       |
| 営業収益       | (百万円)               | 324,671   |  | 334,977   | 3.2   | 340,615   | 1.7  | 349,578    | 2.6   |
| 営業費用       | (百万円)               | 217,727   |  | 239,739   | 10.1  | 233,034   | -2.8 | 235,838    | 1.2   |
| 営業利益       | (百万円)               | 106,944   |  | 95,238    | -10.9 | 107,581   | 13.0 | 113,740    | 5.7   |
| 経常利益       | (百万円)               | 107,100   |  | 98,932    | -7.6  | 112,533   | 13.7 | 121,000    | 7.5   |
| 当期純利益      | (百万円)               | 55,317    |  | 53,086    | -4.0  | 67,301    | 26.8 | 74,351     | 10.5  |
| 総資本        | (百万円)               | 1,906,211 |  | 1,870,075 | -1.9  | 2,033,547 | 8.7  | 2,192,432  | 7.8   |
| 株主資本       | (百万円)               | 470,834   |  | 522,904   | 11.1  | 584,308   | 11.7 | 651,367    | 11.5  |
| 一株当たり当期純利益 | (円)                 | 588.63    |  | 560.82    | -4.7  | 710.94    | 26.8 | 525.04     | -26.1 |
| 一株当たり株主資本  | (円)                 | 4,983.00  |  | 5,534.17  | 11.1  | 6,187.74  | 11.8 | 4,599.79   | -25.7 |
| 一株当たり配当金   | (円)                 | 60.00     |  | 60.00     | 0.0   | 60.00     | 0.0  | 60.00      | 0.0   |
| 自己性向       | (%)                 | 10.2      |  | 10.7      | 0.5   | 8.4       | -2.3 | 11.4       | 3.0   |
| 株主資本比率     | (%)                 | 24.7      |  | 28.0      | 3.3   | 28.7      | 0.7  | 29.7       | 1.0   |
| 株主資本当期純利益率 | (%)                 | 12.4      |  | 10.7      | -1.7  | 12.2      | 1.5  | 12.0       | -0.2  |
| 総資本当期純利益率  | (%)                 | 3.0       |  | 2.8       | -0.2  | 3.4       | 0.6  | 3.5        | 0.1   |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease  
 ※ 05/3期中に、1:1.5の株式分割実施 Stock split (1:1.5) in FY2005

## 参考)

|        |     |                    |    |     |      |     |      |     |      |      |      |      |
|--------|-----|--------------------|----|-----|------|-----|------|-----|------|------|------|------|
| 経費率 ※1 | (%) | SG & A Cost / Loan | ※1 | (%) | 13.4 | 0.4 | 14.4 | 1.0 | 13.7 | -0.7 | 13.4 | -0.3 |
|--------|-----|--------------------|----|-----|------|-----|------|-----|------|------|------|------|

※1: 経費率 = その他の営業費用 / ((期初残高 + 期末残高) ÷ 2) (%) ※1: SG & A Cost = Other Operating Expenses (SG&A) / Average Loans Outstanding (%)

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

# グループ合計営業実績 (Review of Operation / Group Total)

業債権ベース (Managed Asset Basis)

1) 営業実績 (Operating Results)

| 年/決算月 (Fiscal Year) |       |                               |            |           |           |           |           |            |           |
|---------------------|-------|-------------------------------|------------|-----------|-----------|-----------|-----------|------------|-----------|
|                     |       | 03/3                          |            | 04/3      |           | 05/3      |           | 2006/3 (E) |           |
|                     |       | 増減率(yoy%)                     |            | 増減率(yoy%) |           | 増減率(yoy%) |           | 増減率(yoy%)  |           |
| 営業債権合計              | (百万円) | Total Receivable Outstanding  | (¥Million) | 10.4      | 2,298,444 | 4.0       | 2,522,579 | 9.8        | 2,701,924 |
| 営業貸付金残高             |       | Loans Outstanding             |            | 12.1      | 1,907,655 | 4.0       | 2,095,201 | 9.8        | 2,242,638 |
| 無担保ローン              |       | Unsecured                     |            | 8.3       | 1,477,430 | 2.4       | 1,622,032 | 9.8        | 1,709,603 |
| 有担保ローン              |       | Home Equity                   |            | 16.7      | 346,183   | 6.4       | 352,213   | 1.7        | 361,787   |
| 事業者ローン              |       | Small Business                |            | 162.8     | 84,041    | 28.7      | 120,955   | 43.9       | 171,247   |
| 総合貸延                |       | Credit Card Shopping          |            | 3.9       | 71,527    | 11.6      | 79,622    | 11.3       | 83,518    |
| 個品貸延                |       | Installment Sales Finance     |            | 11.9      | 185,650   | 0.7       | 206,348   | 11.1       | 220,631   |
| 信用保証売掛金             |       | Guarantee                     |            | -8.1      | 133,610   | 3.8       | 141,407   | 5.8        | 155,135   |
| 口座数(残高あり)           | (千件)  | Customer Accounts             | (Thousand) | 5.6       | 3,520     | -0.0      | 3,796     | 7.8        | -         |
| 無担保ローン              |       | Unsecured                     |            | 4.6       | 3,366     | -0.7      | 3,618     | 7.5        | -         |
| 有担保ローン              |       | Home Equity                   |            | 16.3      | 94        | 8.0       | 99        | 5.7        | -         |
| 事業者ローン              |       | Small Business                |            | 130.9     | 59        | 30.8      | 77        | 31.4       | -         |
| 一口座当たり残高            | (千円)  | Per Account                   |            | 6.2       | 541       | 4.1       | 551       | 1.8        | -         |
| 無担保ローン              |       | Unsecured                     |            | 3.6       | 438       | 3.1       | 448       | 2.1        | -         |
| 有担保ローン              |       | Home Equity                   |            | 0.3       | 3,664     | -1.5      | 3,528     | -3.7       | -         |
| 事業者ローン              |       | Small Business                |            | 13.8      | 1,420     | -1.5      | 1,555     | 9.5        | -         |
| クレジットカード会員数         | (千件)  | Credit Card Holders           | (Thousand) | 11.3      | 11,051    | 12.3      | 11,967    | 8.3        | 12,932    |
| 個品貸延口座数             | (千件)  | Shopping Installment Accounts | (Thousand) | 8.0       | 740       | 6.1       | 809       | 9.4        | -         |
| 新規顧客件数              | (千件)  | New Accounts                  | (Thousand) | -6.8      | 511       | -13.9     | 582       | 13.9       | 634       |
| 無担保ローン              |       | Unsecured                     |            | -8.4      | 461       | -15.8     | 526       | 14.1       | 568       |
| 有担保ローン              |       | Home Equity                   |            | 1.0       | 24        | -11.5     | 24        | -0.7       | 25        |
| 事業者ローン              |       | Small Business                |            | 62.4      | 25        | 39.5      | 31        | 24.2       | 41        |
| 新規クレジットカード発券数       | (千枚)  | New Issue of Credit Card      | (Thousand) | 14.8      | 2,159     | 4.0       | 2,122     | -1.7       | 2,184     |

## 2) チャネル展開 (Marketing Channel)

| 年/決算月 (Fiscal Year) | 03/3  |     | 04/3  |      | 05/3  |      | 2006/3 (E) |     |
|---------------------|-------|-----|-------|------|-------|------|------------|-----|
|                     | 増減数   |     | 増減数   |      | 増減数   |      | 増減数        |     |
| ローン事業店舗数 (店)        | 1,959 | 60  | 1,977 | 18   | 2,326 | 349  | 2,355      | 29  |
| 有入店舗                | 796   | 44  | 813   | 17   | 884   | 71   | 921        | 37  |
| 無人店舗                | 1,163 | 16  | 1,164 | 1    | 1,442 | 278  | 1,434      | -8  |
| 自動契約機設置台数 (台)       | 1,837 | 29  | 1,855 | 18   | 2,170 | 315  | -          | -   |
| 正社員数(a) (人)         | 6,123 | 313 | 5,969 | -154 | 6,510 | 541  | 7,178      | 727 |
| 非正社員数(b) (人)        | 2,684 | 221 | 3,101 | 417  | 3,242 | 141  | -          | -   |
| 合計(a)+(b) (人)       | 8,807 | 534 | 9,070 | 263  | 9,752 | 682  | -          | -   |
| 非正社員比率(b)/(a+b) (%) | 30.5  | 0.7 | 34.2  | 3.7  | 33.2  | -0.9 | -          | -   |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

グループ会計損益の内訳 (Revenue and Expenses / Group Total)

計ベース (On-Balance)

(百万円/¥ Million)

|                 | 年/決算月 (Fiscal Year)                                    | 03/3    |           |            | 04/3    |           |            | 05/3    |           |            | 2006/3 (E) |           |            |
|-----------------|--------------------------------------------------------|---------|-----------|------------|---------|-----------|------------|---------|-----------|------------|------------|-----------|------------|
|                 |                                                        | 営業収益    | 営業収益比 (%) | 増減率 (yoy%) | 営業収益    | 営業収益比 (%) | 増減率 (yoy%) | 営業収益    | 営業収益比 (%) | 増減率 (yoy%) | 営業収益       | 営業収益比 (%) | 増減率 (yoy%) |
| 営業収益            |                                                        |         |           |            |         |           |            |         |           |            |            |           |            |
| 営業貸付金利息         | Operating Revenue                                      | 449,458 | 100.0     | 13.2       | 473,477 | 100.0     | 5.3        | 518,416 | 100.0     | 9.5        | 555,049    | 100.0     | 7.1        |
| 無担保ローン          | Interest Income                                        | 406,483 | 90.4      | 13.1       | 429,512 | 90.7      | 5.7        | 466,429 | 90.0      | 8.6        | 498,526    | 89.8      | 6.9        |
| 有担保ローン          | Unsecured                                              | 348,887 | 77.6      | 11.9       | 358,142 | 75.6      | 2.7        | 387,839 | 74.8      | 8.3        | 409,359    | 73.8      | 5.5        |
| 事業者ローン          | Home Equity                                            | 47,650  | 10.6      | 10.4       | 55,022  | 11.6      | 15.5       | 56,531  | 10.9      | 2.7        | 57,700     | 10.4      | 2.1        |
| 総合貸付収益          | Small Business                                         | 9,945   | 2.2       | 133.6      | 16,348  | 3.5       | 64.4       | 22,059  | 4.3       | 34.9       | 31,467     | 5.7       | 42.6       |
| 商品貸付収益          | Credit Card Shopping                                   | 7,877   | 1.8       | 16.8       | 8,140   | 1.7       | 3.3        | 9,090   | 1.7       | 11.7       | 9,808      | 1.8       | 7.9        |
| 信用保証収益          | Installment Sales Finance                              | 15,178  | 3.4       | 46.6       | 15,508  | 3.3       | 2.2        | 17,200  | 3.3       | 10.9       | 19,025     | 3.4       | 10.6       |
| その他の金融収益        | Guarantees                                             | 4,132   | 0.9       | 1.4        | 5,562   | 1.2       | 34.6       | 7,087   | 1.4       | 27.4       | 8,648      | 1.6       | 22.0       |
| その他の営業収益        | Other Financial Revenue                                | 321     | 0.1       | -38.8      | 95      | 0.0       | -70.4      | 144     | 0.0       | 51.6       | 86         | 0.0       | -40.3      |
| 不動産売上高          | Other Operating Revenue                                | 15,463  | 3.4       | -4.2       | 14,658  | 3.1       | -5.2       | 18,462  | 3.6       | 26.0       | 18,952     | 3.4       | 2.7        |
| 投資有価証券売上高       | Sales of Property                                      | 306     | 0.1       | -89.1      | 50      | 0.0       | -83.7      | -       | -         | -          | -          | -         | -          |
| サービス事業売上高       | Sales of Investment Securities                         | -       | -         | -          | -       | -         | -          | 664     | 0.0       | -          | 753        | 0.1       | 13.4       |
| 償却債権回収額         | Restaurant & Karaoke                                   | 1,246   | 0.3       | -4.3       | -       | -         | -          | -       | -         | -          | -          | -         | -          |
| その他             | Bad Debt Recovery                                      | 6,431   | 1.4       | 12.5       | 6,778   | 1.4       | 5.4        | 7,719   | 1.5       | 13.9       | 8,734      | 1.6       | 13.1       |
|                 | Other                                                  | 7,790   | 1.7       | 22.5       | 7,830   | 1.7       | 0.5        | 10,077  | 1.9       | 28.7       | 9,464      | 1.7       | -6.1       |
| 営業費用            |                                                        |         |           |            |         |           |            |         |           |            |            |           |            |
| 金融費用            | Operating Expenses                                     | 333,462 | 74.2      | 16.7       | 360,911 | 76.2      | 8.2        | 383,700 | 74.0      | 6.3        | 400,244    | 72.1      | 4.3        |
| 借入金利息等          | Financial Expenses                                     | 38,479  | 8.6       | 11.2       | 38,164  | 8.1       | -0.8       | 39,682  | 7.7       | 4.0        | 42,971     | 7.7       | 8.3        |
| 社債利息等           | Interest on Borrowings                                 | 25,126  | 5.6       | 14.3       | 24,620  | 5.2       | -2.0       | 26,534  | 5.1       | 7.8        | 29,463     | 5.3       | 11.0       |
| 売上原価            | Interest on SB etc.                                    | 13,353  | 3.0       | 5.7        | 13,544  | 2.9       | 1.4        | 13,147  | 2.5       | -2.9       | 13,507     | 2.4       | 2.7        |
| 不動産売上原価         | Cost of Sales                                          | 562     | 0.1       | -81.4      | 137     | 0.0       | -75.6      | 357     | 0.0       | 160.6      | 747        | 0.1       | 109.2      |
| 投資有価証券売上原価      | Cost of Sales of Property                              | 296     | 0.1       | -88.9      | 137     | 0.0       | -53.7      | -       | -         | -          | -          | -         | -          |
| サービス事業売上原価      | Cost of Investment Securities                          | -       | -         | -          | -       | -         | -          | 357     | 0.0       | -          | 747        | 0.1       | 109.2      |
| その他の営業費用        | Cost of Restaurant Business                            | 266     | 0.1       | -23.5      | -       | -         | -          | -       | -         | -          | -          | -         | -          |
| 貸倒繰延費用          | Other Operating Expenses (SG&A)                        | 294,420 | 65.5      | 18.6       | 322,610 | 68.1      | 9.6        | 343,660 | 66.3      | 6.5        | 356,525    | 64.2      | 3.7        |
| 広告宣伝費           | Credit Cost                                            | 134,125 | 29.8      | 49.1       | 157,339 | 33.2      | 17.3       | 155,466 | 30.0      | -1.2       | 140,916    | 25.4      | -9.4       |
| 人件費             | Advertising Expenses                                   | 21,747  | 4.8       | -19.0      | 19,962  | 4.2       | -8.2       | 23,669  | 4.6       | 18.6       | 28,250     | 5.1       | 19.4       |
| 役員報酬            | Salaries                                               | 48,092  | 10.7      | 10.1       | 48,891  | 10.3      | 1.7        | 54,712  | 10.6      | 11.9       | 60,413     | 10.9      | 10.4       |
| 従業員給与と賞与等       | Directors' Salaries                                    | 584     | 0.1       | -1.8       | 640     | 0.1       | 9.6        | 852     | 0.2       | 33.1       | 1,012      | 0.2       | 18.8       |
| その他             | Employees' Salaries                                    | 38,801  | 8.6       | 12.4       | 38,201  | 8.1       | -1.5       | 43,438  | 8.4       | 13.7       | 45,550     | 8.2       | 4.9        |
|                 | Other                                                  | 8,706   | 1.9       | 1.8        | 10,049  | 2.1       | 15.4       | 10,420  | 2.0       | 3.7        | 13,850     | 2.5       | 32.9       |
| 連結調整勘定償却        | Amortization of Goodwill and Consolidation Differences | 2,638   | 0.6       | -17.0      | 2,061   | 0.4       | -21.9      | 1,940   | 0.4       | -5.9       | 1,734      | 0.3       | -10.6      |
| その他             | Other                                                  | 87,815  | 19.5      | 3.9        | 94,355  | 19.9      | 7.4        | 107,871 | 20.8      | 14.3       | 125,210    | 22.6      | 16.1       |
| 営業利益            | Operating Income                                       | 115,995 | 25.8      | 4.2        | 112,566 | 23.8      | -3.0       | 134,716 | 26.0      | 19.7       | 154,805    | 27.9      | 14.9       |
| 営業外収益           | Non-operating Income                                   | 1,303   | 0.3       | -2.2       | 1,040   | 0.2       | -20.2      | 1,493   | 0.3       | 43.6       | 501        | 0.1       | -66.4      |
| 営業外費用           | Non-operating Expenses                                 | 5,501   | 1.2       | -27.6      | 1,160   | 0.3       | -78.9      | 914     | 0.2       | -21.2      | 306        | 0.1       | -66.5      |
| 経常利益            | Ordinary Income                                        | 111,797 | 24.9      | 6.4        | 112,446 | 23.7      | 0.6        | 135,294 | 26.1      | 20.3       | 155,000    | 27.9      | 14.6       |
| 特別利益            | Extraordinary Income                                   | 444     | 0.1       | -74.3      | 4,957   | 1.0       | 1,016.4    | 1,184   | 0.2       | -76.1      | 120        | 0.0       | -89.9      |
| 特別損失            | Extraordinary Losses                                   | 4,788   | 1.1       | -89.3      | 13,589  | 2.8       | 183.8      | 7,037   | 1.3       | -48.2      | 1,319      | 0.2       | -81.3      |
| 税引前利益(a)        | Income before Income Taxes(a)                          | 107,453 | 23.9      | 73.7       | 103,814 | 21.9      | -3.4       | 129,444 | 25.0      | 24.7       | 153,800    | 27.7      | 18.8       |
| 法人税・住民税及び事業税(b) | Income Taxes(b)                                        | 57,555  | 12.8      | 58.6       | 46,173  | 9.8       | -19.8      | 41,025  | 7.9       | -11.1      | 49,128     | 8.9       | 19.8       |
| 法人税等調整額(c)      | Effect of a Tax Consequences(c)                        | -10,129 | -2.3      | -          | -5,157  | -1.1      | -          | 11,990  | 2.3       | -          | 11,806     | 2.1       | -          |
| 少数株主利益(損失)      | Minority Interest Loss                                 | 116     | 0.0       | -80.6      | 250     | 0.0       | 115.5      | 702     | 0.1       | 180.8      | 1,102      | 0.2       | 57.0       |
| 当期純利益           | Net Income                                             | 59,910  | 13.3      | 70.9       | 62,548  | 13.2      | 4.4        | 75,723  | 14.6      | 21.1       | 91,762     | 16.5      | 21.2       |
| 実質税率(b+c)/a     | Real Tax Rate(b+c)/a                                   | 44.1    | -         | -          | 39.5    | -         | -          | 41.0    | -         | -          | 39.6       | -         | -          |

グループ合計資金調達状況 (Review of Funding / Group Total)

資産ベース (Managed Asset Basis)

貸別調達金額 (Amount of Borrowings by Type of Lender)

| 年/決算月 (Fiscal Year) | 03/3      |        | 04/3      |        | 05/3      |        | 2006/3(E) |        |
|---------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                     | 金額        | 構成比(%) | 金額        | 構成比(%) | 金額        | 構成比(%) | 金額        | 構成比(%) |
| 金                   | 943,100   | 53.5   | 974,764   | 56.2   | 1,123,076 | 60.2   | 1,107,647 | 57.1   |
| 都市銀行                | 12,679    | 0.7    | 22,218    | 1.3    | 84,879    | 4.6    | -         | -      |
| 長期信用銀行              | 85,949    | 4.9    | 67,895    | 3.9    | 65,307    | 3.5    | -         | -      |
| 信託銀行                | 197,141   | 11.2   | 256,805   | 14.8   | 335,539   | 18.0   | -         | -      |
| 地方銀行・第二地方銀行         | 203,604   | 11.6   | 212,522   | 12.2   | 207,959   | 11.1   | -         | -      |
| 生命保険会社              | 129,853   | 7.4    | 120,025   | 6.9    | 131,789   | 7.1    | -         | -      |
| 損害保険会社              | 52,826    | 3.0    | 47,822    | 2.8    | 46,431    | 2.5    | -         | -      |
| 外国銀行                | 48,862    | 2.8    | 6,687     | 0.4    | 10,000    | 0.5    | -         | -      |
| シンジケートローン           | 86,834    | 4.9    | 104,877   | 6.0    | 107,079   | 5.7    | -         | -      |
| 邦銀                  | 43,834    | 2.5    | 35,277    | 2.0    | 23,404    | 1.3    | -         | -      |
| 外銀                  | 15,500    | 0.9    | 27,100    | 1.6    | 20,900    | 1.1    | -         | -      |
| その他                 | 27,500    | 1.6    | 42,500    | 2.4    | 62,774    | 3.4    | -         | -      |
| 県信連等                | 48,229    | 2.7    | 55,304    | 3.2    | 69,765    | 3.7    | -         | -      |
| その他                 | 77,120    | 4.4    | 80,607    | 4.6    | 64,327    | 3.4    | -         | -      |
| CP and Bonds        | 819,259   | 46.5   | 760,637   | 43.8   | 742,331   | 39.8   | 831,893   | 42.9   |
| CP                  | 13,500    | 0.8    | 5,000     | 0.3    | -         | -      | -         | -      |
| SB                  | 452,000   | 25.6   | 455,000   | 26.2   | 478,890   | 25.7   | -         | -      |
| ABS                 | 353,759   | 20.1   | 300,637   | 17.3   | 263,441   | 14.1   | -         | -      |
| 証券化                 | 1,762,359 | 100.0  | 1,735,402 | 100.0  | 1,865,407 | 100.0  | 1,939,540 | 100.0  |
| 合計                  |           |        |           |        |           |        |           |        |

(百万円/ ¥ Million)

長期・短期別調達金額 (Short and Long-term Borrowings)

| 年/決算月 (Fiscal Year) | 03/3      |        | 04/3      |        | 05/3      |        | 2006/3(E) |        |
|---------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                     | 金額        | 構成比(%) | 金額        | 構成比(%) | 金額        | 構成比(%) | 金額        | 構成比(%) |
| 短期調達                | 68,865    | 3.9    | 61,834    | 3.6    | 71,695    | 3.8    | 69,000    | 3.6    |
| 短期借入                | 55,365    | 3.1    | 56,834    | 3.3    | 71,695    | 3.8    | -         | -      |
| CP                  | 13,500    | 0.8    | 5,000     | 0.3    | -         | -      | -         | -      |
| 長期調達                | 1,693,494 | 96.1   | 1,673,567 | 96.4   | 1,793,712 | 96.2   | 1,870,540 | 96.4   |
| 固定金利借入              | 223,827   | 12.7   | 225,198   | 13.0   | 247,179   | 13.3   | -         | -      |
| 変動金利借入              | 636,407   | 36.1   | 692,731   | 39.9   | 804,201   | 43.1   | -         | -      |
| キャップ                | 153,420   | 8.7    | 192,328   | 11.1   | 299,135   | 16.0   | -         | -      |
| スワップ                | 211,660   | 12.0   | 222,790   | 12.8   | 248,278   | 13.3   | -         | -      |
| 社債等(固定)             | 579,388   | 32.9   | 593,211   | 34.2   | 626,086   | 33.6   | -         | -      |
| 普通社債                | 437,000   | 24.8   | 442,500   | 25.5   | 466,390   | 25.0   | -         | -      |
| 証券化                 | 142,388   | 8.1    | 150,711   | 8.7    | 159,696   | 8.6    | -         | -      |
| 社債等(変動)             | 253,871   | 14.4   | 162,426   | 9.4    | 116,244   | 6.2    | -         | -      |
| 普通社債                | 15,000    | 0.9    | 12,500    | 0.7    | 12,500    | 0.7    | -         | -      |
| スワップ                | -         | -      | -         | -      | -         | -      | -         | -      |
| 証券化                 | 238,871   | 13.6   | 149,926   | 8.6    | 103,744   | 5.6    | -         | -      |
| キャップ                | 238,871   | 13.6   | 139,926   | 8.1    | 103,744   | 5.6    | -         | -      |
| 合計                  | 1,762,359 | 100.0  | 1,735,402 | 100.0  | 1,865,407 | 100.0  | 1,939,540 | 100.0  |

(百万円/ ¥ Million)

※ キャップ・スワップには、開始年月日が未到来のキャップ50,000百万円を含んでおりません。なお、未到来のスワップはありません。

調達金利 (Funding Rate)

| 年/決算月 (Fiscal Year)                                                      | 03/3 | 04/3 | 05/3 | 2006/3(E) |
|--------------------------------------------------------------------------|------|------|------|-----------|
| Funding Rate                                                             | 1.78 | 1.72 | 1.60 | 1.88      |
| 間接                                                                       | 1.97 | 1.86 | 1.68 | 2.17      |
| 直接                                                                       | 1.57 | 1.55 | 1.48 | 1.49      |
| ※ 調達金利 = 未約定ベース平均表面金利 ※ Funding Rate = Interest Rate / Average Borrowing |      |      |      |           |
| 長期プライムレート                                                                | 1.50 | 1.65 | 1.65 | 2.00      |

(%)

# 5. アイフル営業実績 (Review of Operation / AIFUL)

## (1) 営業実績 (Operating Results)

|                | 年/決算月 (Fiscal Year)           | 03/3      |           |           | 04/3      |           |           | 05/3      |           |           | 2006/3 (E) |           |           |
|----------------|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
|                |                               | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%) | 増減率(yoy%)  | 増減率(yoy%) | 増減率(yoy%) |
| 営業貸付金残高 (百万円)  | Loans Outstanding (¥ Million) | 1,413,340 | 7.6       | 1,451,638 | 2.7       | 1,471,767 | 1.4       | 1,523,860 | 3.5       | 1,523,860 | 3.5        | 1,523,860 | 3.5       |
| 無担保ローン         | Unsecured                     | 1,068,151 | 4.8       | 1,081,057 | 1.2       | 1,093,662 | 1.2       | 1,133,005 | 3.6       | 1,133,005 | 3.6        | 1,133,005 | 3.6       |
| 有担保ローン         | Home Equity                   | 322,840   | 16.3      | 342,637   | 6.1       | 345,180   | 0.7       | 348,154   | 0.9       | 348,154   | 0.9        | 348,154   | 0.9       |
| 事業者ローン         | Small Business                | 22,348    | 33.6      | 27,943    | 25.0      | 32,924    | 17.8      | 42,700    | 29.7      | 42,700    | 29.7       | 42,700    | 29.7      |
| 口座数 (千件)       | Customer Accounts (Thousand)  | 2,284     | 1.8       | 2,246     | -1.7      | 2,214     | -1.4      | 2,221     | 0.3       | 2,221     | 0.3        | 2,221     | 0.3       |
| 無担保ローン         | Unsecured                     | 2,180     | 1.2       | 2,131     | -2.3      | 2,091     | -1.9      | 2,088     | -0.1      | 2,088     | -0.1       | 2,088     | -0.1      |
| 有担保ローン         | Home Equity                   | 87        | 16.0      | 93        | 7.9       | 98        | 5.0       | 101       | 3.1       | 101       | 3.1        | 101       | 3.1       |
| 事業者ローン         | Small Business                | 17        | 24.3      | 21        | 21.8      | 24        | 17.4      | 31        | 29.2      | 31        | 29.2       | 31        | 29.2      |
| 一口座当たり残高 (千円)  | Per Account (¥ Thousand)      | 618       | 5.7       | 646       | 4.5       | 664       | 2.8       | 686       | 3.3       | 686       | 3.3        | 686       | 3.3       |
| 無担保ローン         | Unsecured                     | 489       | 3.6       | 507       | 3.5       | 522       | 3.1       | 543       | 4.0       | 543       | 4.0        | 543       | 4.0       |
| 有担保ローン         | Home Equity                   | 3,709     | 0.3       | 3,647     | -1.7      | 3,499     | -4.0      | 3,417     | -2.3      | 3,417     | -2.3       | 3,417     | -2.3      |
| 事業者ローン         | Small Business                | 1,284     | 7.5       | 1,318     | 2.6       | 1,323     | 0.4       | 1,377     | 4.1       | 1,377     | 4.1        | 1,377     | 4.1       |
| 新規顧客件数 (千件)    | New Accounts (Thousand)       | 440       | -11.3     | 388       | -11.9     | 376       | -3.1      | 399       | 6.1       | 399       | 6.1        | 399       | 6.1       |
| 無担保ローン         | Unsecured                     | 405       | -12.4     | 355       | -12.3     | 343       | -3.4      | 364       | 6.1       | 364       | 6.1        | 364       | 6.1       |
| 有担保ローン         | Home Equity                   | 27        | 0.9       | 24        | -12.1     | 23        | -3.4      | 23        | 0.2       | 23        | 0.2        | 23        | 0.2       |
| 事業者ローン         | Small Business                | 7         | 17.6      | 8         | 10.2      | 9         | 10.8      | 11        | 30.2      | 11        | 30.2       | 11        | 30.2      |
| 実質平均利回り ※1 (%) | Average Yield ※1 (%)          | 23.2      | -0.8      | 22.8      | -0.3      | 22.6      | -0.2      | 22.7      | 0.1       | 22.7      | 0.1        | 22.7      | 0.1       |
| 無担保ローン         | Unsecured                     | 25.2      | -0.4      | 24.8      | -0.5      | 24.6      | -0.2      | 24.6      | 0.1       | 24.6      | 0.1        | 24.6      | 0.1       |
| 有担保ローン         | Home Equity                   | 15.8      | -1.3      | 16.4      | 0.6       | 16.3      | -0.2      | 16.3      | 0.1       | 16.3      | 0.1        | 16.3      | 0.1       |
| 事業者ローン         | Small Business                | 24.8      | -2.1      | 25.3      | 0.4       | 25.4      | 0.1       | 25.1      | -0.3      | 25.1      | -0.3       | 25.1      | -0.3      |

※1: 実質平均利回り=営業貸付金利息/(期初残高+期末残高)÷2(%)

注: 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

## (2) チャネル展開 (Marketing Channel)

|                     | 年/決算月 (Fiscal Year)                   | 03/3       |          |            | 04/3     |            |          | 05/3     |          |          | 2006/3 (E) |          |          |
|---------------------|---------------------------------------|------------|----------|------------|----------|------------|----------|----------|----------|----------|------------|----------|----------|
|                     |                                       | 増減率(yoy)   | 増減率(yoy) | 増減率(yoy)   | 増減率(yoy) | 増減率(yoy)   | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy)   | 増減率(yoy) | 増減率(yoy) |
| ローン事業店舗数 ※2 (店)     | Loan Business Branches ※2             | 1,580(943) | -12      | 1,563(934) | -17      | 1,572(946) | 9        | 1,610    | 38       | 1,610    | 38         | 1,610    | 38       |
| 有入店舗                | Staffed Branches                      | 534(122)   | -2       | 540(124)   | 6        | 545(128)   | 5        | 559      | 14       | 559      | 14         | 559      | 14       |
| 無人店舗                | Unstaffed Branches                    | 1,040(821) | -10      | 1,018(810) | -22      | 1,016(818) | -2       | 997      | -19      | 997      | -19        | 997      | -19      |
| ハードプラザ ※3           | Heart Plaza ※3                        | 4          | 0        | 1          | -3       | 0          | -1       | -        | -        | -        | -          | -        | -        |
| ローン申込機              | ACM                                   | -          | -        | -          | -        | 7          | 7        | 7        | 43       | 7        | 43         | 7        | 43       |
| 信販カード担当店等           | Other                                 | 2          | 0        | 4          | 2        | 4          | 0        | 4        | 0        | 4        | 0          | 4        | 0        |
| ローン事業店舗出店数 (店)      | Newly Opened Branches                 | 9          | -        | 3          | -        | 32         | -        | 63       | -        | 63       | -          | 63       | -        |
| 有入店舗                | Staffed Branches                      | -          | -        | -          | -        | 1          | -        | 4        | -        | 4        | -          | 4        | -        |
| 無人店舗                | Unstaffed Branches                    | 9          | -        | 1          | -        | 24         | -        | 16       | -        | 16       | -          | 16       | -        |
| ローン申込機              | ACM                                   | -          | -        | -          | -        | 7          | -        | 43       | -        | 43       | -          | 43       | -        |
| 信販カード担当店等           | Other                                 | -          | -        | 2          | -        | -          | -        | -        | -        | -        | -          | -        | -        |
| 自動契約機設置台数 (台)       | Unmanned Loan-contracting Machines    | 1,573      | -12      | 1,557      | -16      | 1,561      | 4        | -        | -        | -        | -          | -        | -        |
| 併設型                 | At Staffed Branches                   | 532        | -2       | 538        | 6        | 544        | 6        | -        | -        | -        | -          | -        | -        |
| 独立型                 | At Unstaffed Branches                 | 1,041      | -10      | 1,019      | -22      | 1,017      | -2       | -        | -        | -        | -          | -        | -        |
| ATM-CDネットワーク (台)    | AIFUL ATMs and Tie-up CDs             | 50,359     | 14,455   | 73,938     | 23,579   | 91,103     | 17,165   | -        | -        | -        | -          | -        | -        |
| 自社ATM               | AIFUL ATMs                            | 1,676      | -12      | 1,661      | -15      | 1,761      | 100      | -        | -        | -        | -          | -        | -        |
| 提携ATM-CD ※4         | Tie-up ATM-CD ※4                      | 41,062     | 14,580   | 58,056     | 16,994   | 74,577     | 16,521   | -        | -        | -        | -          | -        | -        |
| 提携コンビニ入金            | Tie-up Convenience Store              | 7,621      | -113     | 14,221     | 6,600    | 14,765     | 544      | -        | -        | -        | -          | -        | -        |
| 正社員数(a)             | N. of Employees (regular payroll) (a) | 3,502      | -74      | 3,397      | -105     | 3,184      | -213     | -        | -        | -        | -          | -        | -        |
| 非正社員数(b)            | N. of Employees (temp.) (b)           | 1,133      | 27       | 1,353      | 220      | 1,503      | 150      | -        | -        | -        | -          | -        | -        |
| 合計(a)+(b)           | Total (a)+(b)                         | 4,635      | -47      | 4,750      | 115      | 4,687      | -63      | -        | -        | -        | -          | -        | -        |
| 非正社員比率(b)/(a+b) (%) | Ratio of N. of Employees (b)/(a+b)    | 24.4       | 0.8      | 28.5       | 4.0      | 32.1       | 3.6      | -        | -        | -        | -          | -        | -        |

※2: Roadside Type

※3: Heart Plaza is Specialized for Secured Loans

※4: 提携ATM-CD台数には、アイワイバンク(セブンイレブン)が含まれております。

(03/3:5,250台、04/3:7,804台、05/3:9,975台)

注: 斜体数値は増減数

Note: Italic Font=Increase or Decrease

6. アイフル損益の内訳 (Revenue and Expenses / AIFUL)

(百万円/ ¥ Million)

|               | 年/決算月 (Fiscal Year)                    |  |  |  | 03/3      |            |       |         | 04/3      |            |         |       | 05/3      |            |         |       | 2006/3 (F) |            |         |       |
|---------------|----------------------------------------|--|--|--|-----------|------------|-------|---------|-----------|------------|---------|-------|-----------|------------|---------|-------|------------|------------|---------|-------|
|               |                                        |  |  |  | 営業収益比 (%) | 増減率 (yoy%) |       |         | 営業収益比 (%) | 増減率 (yoy%) |         |       | 営業収益比 (%) | 増減率 (yoy%) |         |       | 営業収益比 (%)  | 増減率 (yoy%) |         |       |
| 営業収益          | Operating Revenue                      |  |  |  | 324,671   | 100.0      | 5.7   | 334,977 | 100.0     | 3.2        | 340,615 | 100.0 | 349,578   | 100.0      | 359,578 | 100.0 | 369,578    | 100.0      | 379,578 | 100.0 |
| 営業貸付金利息       | Interest Income                        |  |  |  | 315,600   | 97.2       | 6.6   | 326,978 | 97.6      | 3.6        | 330,528 | 97.0  | 339,398   | 97.1       | 349,398 | 97.1  | 359,398    | 97.1       | 369,398 | 97.1  |
| 無担保ローン        | Unsecured                              |  |  |  | 263,262   | 81.1       | 5.7   | 265,959 | 79.4      | 1.0        | 266,930 | 78.4  | 273,460   | 78.2       | 273,460 | 78.2  | 273,460    | 78.2       | 273,460 | 78.2  |
| 有担保ローン        | Home Equity                            |  |  |  | 47,483    | 14.6       | 10.3  | 54,663  | 16.3      | 15.1       | 55,875  | 16.4  | 56,449    | 16.1       | 56,449  | 16.1  | 56,449     | 16.1       | 56,449  | 16.1  |
| 事業者ローン        | Small Business                         |  |  |  | 4,854     | 1.5        | 24.8  | 6,355   | 1.9       | 30.9       | 7,722   | 2.3   | 9,489     | 2.7        | 9,489   | 2.7   | 9,489      | 2.7        | 9,489   | 2.7   |
| その他の金融収益      | Other Financial Revenue                |  |  |  | 280       | 0.1        | 21.7  | 58      | 0.0       | -79.0      | 113     | 0.0   | 39        | 0.0        | 39      | 0.0   | 39         | 0.0        | 39      | 0.0   |
| その他の営業収益      | Other Operating Revenue                |  |  |  | 8,791     | 2.7        | -20.1 | 7,940   | 2.4       | -9.7       | 9,973   | 3.0   | 10,139    | 2.9        | 10,139  | 2.9   | 10,139     | 2.9        | 10,139  | 2.9   |
| 受取保証料         | Loan Guarantee Fee                     |  |  |  | 596       | 0.2        | 61.0  | 1,736   | 0.5       | 191.0      | 3,042   | 0.9   | 4,245     | 1.2        | 4,245   | 1.2   | 4,245      | 1.2        | 4,245   | 1.2   |
| 不動産売上高        | Sales of Property                      |  |  |  | 306       | 0.1        | -89.1 | 50      | 0.0       | -83.5      | -       | -     | -         | -          | -       | -     | -          | -          | -       | -     |
| サービス事業売上高     | Restaurant & Karaoke                   |  |  |  | 935       | 0.3        | -25.0 | -       | -         | -          | -       | -     | -         | -          | -       | -     | -          | -          | -       | -     |
| 償却権利回収額       | Bad Debt Recovery                      |  |  |  | 3,896     | 1.2        | 3.1   | 3,738   | 1.1       | -4.1       | 4,090   | 1.2   | 4,720     | 1.4        | 4,720   | 1.4   | 4,720      | 1.4        | 4,720   | 1.4   |
| その他           | Other                                  |  |  |  | 3,056     | 0.9        | -0.6  | 2,414   | 0.7       | -21.0      | 2,840   | 0.8   | 1,173     | 0.3        | 1,173   | 0.3   | 1,173      | 0.3        | 1,173   | 0.3   |
| 営業費用          | Operating Expenses                     |  |  |  | 217,727   | 67.1       | 10.6  | 239,739 | 71.6      | 10.1       | 233,034 | 68.4  | 235,838   | 67.5       | 235,838 | 67.5  | 235,838    | 67.5       | 235,838 | 67.5  |
| 金融費用          | Financial Expenses                     |  |  |  | 35,178    | 10.8       | 5.4   | 33,485  | 10.0      | -4.8       | 32,593  | 9.6   | 35,609    | 9.3        | 35,609  | 9.3   | 35,609     | 9.3        | 35,609  | 9.3   |
| 借入金利息等        | Interest on Borrowings                 |  |  |  | 22,705    | 7.0        | 7.5   | 21,284  | 6.4       | -6.3       | 21,092  | 6.2   | 23,787    | 6.8        | 23,787  | 6.8   | 23,787     | 6.8        | 23,787  | 6.8   |
| 社債利息等         | Interest on SB etc.                    |  |  |  | 12,473    | 3.8        | 1.8   | 12,200  | 3.6       | -2.2       | 11,501  | 3.4   | 11,821    | 3.4        | 11,821  | 3.4   | 11,821     | 3.4        | 11,821  | 3.4   |
| 売上原価          | Cost of Sales                          |  |  |  | 562       | 0.2        | -81.4 | 137     | 0.1       | -75.6      | -       | -     | -         | -          | -       | -     | -          | -          | -       | -     |
| 不動産売上原価       | Cost of Sales of Property              |  |  |  | 296       | 0.1        | -88.9 | 137     | 0.1       | -53.7      | -       | -     | -         | -          | -       | -     | -          | -          | -       | -     |
| サービス事業売上原価    | Cost of Restaurant Business            |  |  |  | 266       | 0.1        | -23.5 | -       | -         | -          | -       | -     | -         | -          | -       | -     | -          | -          | -       | -     |
| その他の営業費用      | Other Operating Expenses(SG&A)         |  |  |  | 181,986   | 56.1       | 13.4  | 206,117 | 61.5      | 13.3       | 200,441 | 58.8  | 200,228   | 57.3       | 200,228 | 57.3  | 200,228    | 57.3       | 200,228 | 57.3  |
| 貸倒関連費用        | Credit Cost                            |  |  |  | 86,371    | 26.6       | 32.3  | 109,223 | 32.6      | 26.5       | 97,385  | 28.6  | 84,265    | 24.1       | 84,265  | 24.1  | 84,265     | 24.1       | 84,265  | 24.1  |
| 広告宣伝費         | Advertising Expenses                   |  |  |  | 15,377    | 4.7        | -20.2 | 13,696  | 4.1       | -10.9      | 14,978  | 4.4   | 17,893    | 5.1        | 17,893  | 5.1   | 17,893     | 5.1        | 17,893  | 5.1   |
| 支払手数料         | Commission                             |  |  |  | 9,624     | 3.0        | -1.5  | 10,832  | 3.2       | 12.6       | 11,966  | 3.5   | 11,580    | 3.3        | 11,580  | 3.3   | 11,580     | 3.3        | 11,580  | 3.3   |
| 人件費           | Salaries                               |  |  |  | 29,257    | 9.0        | 10.4  | 28,782  | 8.6       | -1.6       | 29,948  | 8.8   | 30,363    | 8.7        | 30,363  | 8.7   | 30,363     | 8.7        | 30,363  | 8.7   |
| 役員報酬          | Directors' Salaries                    |  |  |  | 425       | 0.1        | 2.3   | 453     | 0.1       | 6.7        | 442     | 0.1   | 591       | 0.2        | 591     | 0.2   | 591        | 0.2        | 591     | 0.2   |
| 従業員給与賞与等      | Employees' Salaries                    |  |  |  | 23,255    | 7.2        | 13.0  | 21,941  | 6.6       | -5.7       | 23,371  | 6.9   | 23,577    | 6.7        | 23,577  | 6.7   | 23,577     | 6.7        | 23,577  | 6.7   |
| その他           | Other                                  |  |  |  | 5,576     | 1.7        | 1.3   | 6,388   | 1.9       | 14.6       | 6,134   | 1.8   | 6,194     | 1.8        | 6,194   | 1.8   | 6,194      | 1.8        | 6,194   | 1.8   |
| 賃借料・地代家賃      | Rental Expenses・Land Rent              |  |  |  | 15,530    | 4.8        | 3.5   | 13,925  | 4.2       | -10.3      | 14,016  | 4.1   | 14,014    | 4.0        | 14,014  | 4.0   | 14,014     | 4.0        | 14,014  | 4.0   |
| 消耗品費・修繕費      | Supplies・Repair and Maintenance        |  |  |  | 4,680     | 1.4        | 11.9  | 5,944   | 1.8       | 27.0       | 5,737   | 1.7   | 6,807     | 1.9        | 6,807   | 1.9   | 6,807      | 1.9        | 6,807   | 1.9   |
| 通信費           | Communications                         |  |  |  | 4,432     | 1.4        | 13.0  | 4,159   | 1.2       | -6.2       | 2,438   | 0.7   | 3,382     | 1.0        | 3,382   | 1.0   | 3,382      | 1.0        | 3,382   | 1.0   |
| 保険料           | Insurance Premium                      |  |  |  | 3,673     | 1.1        | 7.1   | 4,102   | 1.2       | 11.7       | 4,411   | 1.3   | 4,505     | 1.3        | 4,505   | 1.3   | 4,505      | 1.3        | 4,505   | 1.3   |
| 減価償却費         | Depreciation                           |  |  |  | 3,511     | 1.1        | -21.3 | 4,874   | 1.5       | 38.8       | 6,751   | 2.0   | 8,978     | 2.6        | 8,978   | 2.6   | 8,978      | 2.6        | 8,978   | 2.6   |
| 事業税           | Enterprise Tax(Pro forma standard tax) |  |  |  | -         | -          | -     | -       | -         | -          | 876     | 0.3   | 921       | 0.3        | 921     | 0.3   | 921        | 0.3        | 921     | 0.3   |
| その他           | Other                                  |  |  |  | 9,277     | 2.9        | 8.2   | 10,574  | 3.2       | 11.0       | 11,929  | 3.5   | 17,521    | 5.0        | 17,521  | 5.0   | 17,521     | 5.0        | 17,521  | 5.0   |
| 営業利益          | Operating Income                       |  |  |  | 106,944   | 32.9       | -3.2  | 95,238  | 28.4      | -10.9      | 107,581 | 31.6  | 113,740   | 32.5       | 113,740 | 32.5  | 113,740    | 32.5       | 113,740 | 32.5  |
| 営業外収益         | Non-operating Income                   |  |  |  | 5,262     | 1.6        | 15.2  | 4,576   | 1.4       | -13.0      | 5,647   | 1.6   | 7,279     | 2.1        | 7,279   | 2.1   | 7,279      | 2.1        | 7,279   | 2.1   |
| 営業外費用         | Non-operating Expenses                 |  |  |  | 5,106     | 1.6        | -31.9 | 882     | 0.3       | -82.7      | 694     | 0.2   | 19        | 0.0        | 19      | 0.0   | 19         | 0.0        | 19      | 0.0   |
| 経常利益          | Ordinary Income                        |  |  |  | 107,100   | 33.0       | -0.4  | 98,932  | 29.5      | -7.6       | 112,533 | 33.0  | 121,000   | 34.6       | 121,000 | 34.6  | 121,000    | 34.6       | 121,000 | 34.6  |
| 特別利益          | Extraordinary Income                   |  |  |  | 250       | 0.1        | -31.8 | 672     | 0.2       | 167.9      | 894     | 0.3   | -         | -          | -       | -     | -          | -          | -       | -     |
| 特別損失          | Extraordinary Losses                   |  |  |  | 793       | 0.2        | -97.7 | 1,643   | 0.5       | 107.1      | 662     | 0.2   | 346       | 0.1        | 346     | 0.1   | 346        | 0.1        | 346     | 0.1   |
| 税引前利益(a)      | Income before Income Taxes(a)          |  |  |  | 106,558   | 32.8       | 46.7  | 97,961  | 29.2      | -8.1       | 112,765 | 33.1  | 120,653   | 34.5       | 120,653 | 34.5  | 120,653    | 34.5       | 120,653 | 34.5  |
| 法人税・住民税等(b)   | Income Taxes(b)                        |  |  |  | 46,043    | 14.2       | 62.6  | 36,064  | 10.8      | -21.7      | 33,099  | 9.7   | 36,787    | 10.5       | 36,787  | 10.5  | 36,787     | 10.5       | 36,787  | 10.5  |
| 事業税(c)        | Enterprise Taxes(c)                    |  |  |  | 10,781    | 3.3        | 61.1  | 8,854   | 2.6       | -17.9      | 6,814   | 2.0   | 7,681     | 2.2        | 7,681   | 2.2   | 7,681      | 2.2        | 7,681   | 2.2   |
| 法人税等調整額(d)    | Effect of a Tax Consequences(d)        |  |  |  | -5,584    | -1.7       | -     | -43     | -0.0      | -          | 5,550   | 1.6   | 1,833     | 0.5        | 1,833   | 0.5   | 1,833      | 0.5        | 1,833   | 0.5   |
| 当期純利益         | Net Income                             |  |  |  | 55,317    | 17.0       | 44.2  | 53,086  | 15.8      | -4.0       | 67,301  | 19.8  | 74,351    | 21.3       | 74,351  | 21.3  | 74,351     | 21.3       | 74,351  | 21.3  |
| 実質税率(b+c+d)/a | Real Tax Rate (b+c+d)/a                |  |  |  | 48.1      | -          | -     | 45.8    | -         | -          | 40.3    | -     | 38.4      | -          | 38.4    | -     | 38.4       | -          | 38.4    | -     |

ファイナル資金調達状況 (Review of Funding / AIFUL)

形態別調達金額 (Amount of Borrowings by Type of Lender)

(百万円/¥ Million)

| 年/決算月 (Fiscal Year) | 03/3      |        | 04/3      |        | 05/3      |        | 2006/3(E) |        |
|---------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                     | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) |
| 入金                  | 783,955   | 58.3   | 759,681   | 59.2   | 848,233   | 61.1   | 794,639   | 56.7   |
| 都市銀行                | 12,579    | 0.9    | 21,218    | 1.7    | 80,379    | 5.8    | -         | -      |
| 長期信用銀行              | 71,600    | 5.3    | 46,173    | 3.6    | 36,932    | 2.7    | -         | -      |
| 信託銀行                | 167,385   | 12.4   | 205,354   | 16.0   | 251,542   | 18.1   | -         | -      |
| 地方銀行・第二地方銀行         | 162,602   | 12.1   | 173,325   | 13.5   | 160,820   | 11.6   | -         | -      |
| 信用金庫                | 13,050    | 1.0    | 13,920    | 1.1    | 20,240    | 1.5    | -         | -      |
| 生命保険会社              | 127,725   | 9.5    | 115,676   | 9.0    | 125,702   | 9.1    | -         | -      |
| 損害保険会社              | 51,776    | 3.8    | 46,041    | 3.6    | 43,489    | 3.1    | -         | -      |
| 外国銀行                | 48,862    | 3.6    | 6,687     | 0.5    | 10,000    | 0.7    | -         | -      |
| シンジケートローン           | 77,834    | 5.8    | 87,602    | 6.8    | 94,304    | 6.8    | -         | -      |
| 邦銀                  | 34,834    | 2.6    | 18,002    | 1.4    | 10,629    | 0.8    | -         | -      |
| 外銀                  | 15,500    | 1.2    | 27,100    | 2.1    | 20,900    | 1.5    | -         | -      |
| その他                 | 27,500    | 2.0    | 42,500    | 3.3    | 62,774    | 4.5    | -         | -      |
| 県信連                 | 22,617    | 1.7    | 20,850    | 1.6    | 15,358    | 1.1    | -         | -      |
| その他                 | 27,925    | 2.1    | 22,834    | 1.8    | 9,466     | 0.7    | -         | -      |
| CP and Bonds        | 561,368   | 41.7   | 524,047   | 40.8   | 540,382   | 38.9   | 606,012   | 43.3   |
| CP                  | 13,000    | 1.0    | -         | -      | -         | -      | -         | -      |
| SB                  | 452,000   | 33.6   | 445,000   | 34.7   | 468,890   | 33.8   | -         | -      |
| 証券化                 | 96,368    | 7.2    | 79,047    | 6.2    | 71,492    | 5.1    | -         | -      |
| 合計                  | 1,345,325 | 100.0  | 1,283,728 | 100.0  | 1,388,615 | 100.0  | 1,400,652 | 100.0  |

長期・短期別調達金額 (Short and Long-term Borrowings)

(百万円/¥ Million)

| 年/決算月 (Fiscal Year)      | 03/3      |        | 04/3      |        | 05/3      |        | 2006/3(E) |        |
|--------------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                          | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) | 調達金額      | 構成比(%) |
| 短期調達                     | 27,000    | 2.0    | 8,500     | 0.7    | 15,000    | 1.1    | 15,000    | 1.1    |
| 短期借入                     | 14,000    | 1.0    | 8,500     | 0.7    | 15,000    | 1.1    | -         | -      |
| CP                       | 13,000    | 1.0    | -         | -      | -         | -      | -         | -      |
| 長期調達                     | 1,318,325 | 98.0   | 1,275,228 | 99.3   | 1,373,615 | 98.9   | 1,385,652 | 98.9   |
| 固定金利借入                   | 207,199   | 15.4   | 194,312   | 15.1   | 197,630   | 14.2   | -         | -      |
| 変動金利借入                   | 535,257   | 39.8   | 556,868   | 43.4   | 635,602   | 45.8   | -         | -      |
| キャップ                     | 153,420   | 11.4   | 192,328   | 15.0   | 299,135   | 21.5   | -         | -      |
| スワップ                     | 211,660   | 15.7   | 222,790   | 17.4   | 248,278   | 17.9   | -         | -      |
| 社債等(固定)                  | 540,868   | 40.2   | 511,547   | 39.8   | 527,882   | 38.0   | -         | -      |
| 普通社債                     | 437,000   | 32.5   | 432,500   | 33.7   | 456,390   | 32.9   | -         | -      |
| 証券化                      | 103,868   | 7.7    | 79,047    | 6.2    | 71,492    | 5.1    | -         | -      |
| 社債等(変動)                  | 35,000    | 2.6    | 12,500    | 1.0    | 12,500    | 0.9    | -         | -      |
| SB Other (Floating Bond) | 15,000    | 1.1    | 12,500    | 1.0    | 12,500    | 0.9    | -         | -      |
| 普通社債                     | 20,000    | 1.5    | -         | -      | -         | -      | -         | -      |
| スワップ                     | 20,000    | 1.5    | -         | -      | -         | -      | -         | -      |
| 証券化                      | 20,000    | 1.5    | -         | -      | -         | -      | -         | -      |
| キャップ                     | 20,000    | 1.5    | -         | -      | -         | -      | -         | -      |
| 固定金利借入比率                 | 748,067   | 55.6   | 705,859   | 55.0   | 725,512   | 52.2   | -         | -      |
| 変動金利借入比率                 | 1,133,147 | 84.2   | 1,120,977 | 87.3   | 1,272,925 | 91.7   | -         | -      |
| 合計                       | 1,345,325 | 100.0  | 1,283,728 | 100.0  | 1,388,615 | 100.0  | 1,400,652 | 100.0  |

※キャップ・スワップには、開始年月日が未到来のキャップ50,000百万円を含んでおりません。なお、未到来のスワップはありません。

調達金利 (Funding Rate)

| 年/決算月 (Fiscal Year)                                                    | 03/3 | 04/3 | 05/3 | 2006/3(E) |
|------------------------------------------------------------------------|------|------|------|-----------|
| 資金利                                                                    | 1.98 | 1.87 | 1.67 | 2.00      |
| 間接                                                                     | 1.99 | 1.86 | 1.66 | 2.24      |
| 直接                                                                     | 1.97 | 1.89 | 1.69 | 1.70      |
| ※調達金利 = 未約定ベース平均表面金利 ※Funding Rate = Interest Rate / Average Borrowing |      |      |      |           |
| 長期プライムレート                                                              | 1.50 | 1.65 | 1.65 | 2.00      |
| 5Y SWAP レート                                                            | 0.27 | 0.74 | 0.63 | -         |
| 10Y JGB                                                                | 0.73 | 1.42 | 1.33 | -         |

貸付金残高ポートフォリオ (Analysis of Loan Portfolio / AIFUL)

貸付金残高別利率構成 (Breakdown By Interest Rate)

| 利率<br>Interest Rate on Loans to Customers | 03/3                 |        |                            |           | 04/3                 |        |                            |           | 05/3                 |        |                            |           |
|-------------------------------------------|----------------------|--------|----------------------------|-----------|----------------------|--------|----------------------------|-----------|----------------------|--------|----------------------------|-----------|
|                                           | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           |
|                                           | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    |
| 無担保ローン<br>(Unsecured Loans)               | <25.0%               | 260    | 12.0                       | 232,170   | 21.7                 | 274    | 12.9                       | 243,908   | 22.6                 | 281    | 13.5                       | 245,280   |
|                                           | 25.0% ≤              | 106    | 4.9                        | 95,779    | 9.0                  | 97     | 4.6                        | 95,456    | 8.8                  | 99     | 4.8                        | 99,032    |
|                                           | 26.0% ≤              | 46     | 2.1                        | 40,446    | 3.8                  | 45     | 2.2                        | 42,229    | 3.9                  | 45     | 2.2                        | 42,833    |
|                                           | 27.0% ≤              | 171    | 7.8                        | 119,128   | 11.2                 | 163    | 7.7                        | 121,093   | 11.2                 | 157    | 7.6                        | 121,912   |
|                                           | 28.0% ≤              | 1,015  | 46.6                       | 357,042   | 33.4                 | 1,112  | 52.2                       | 407,191   | 37.7                 | 1,166  | 55.8                       | 447,864   |
|                                           | 29.0% ≤              | 579    | 26.6                       | 223,583   | 20.9                 | 436    | 20.5                       | 171,178   | 15.8                 | 340    | 16.3                       | 136,740   |
|                                           | 合計 (Total)           | 2,180  | 100.0                      | 1,068,151 | 100.0                | 2,131  | 100.0                      | 1,081,057 | 100.0                | 2,091  | 100.0                      | 1,093,662 |
| 有担保ローン<br>(Home Equity Loans)             | <13.0%               | 2      | 2.8                        | 19,485    | 6.0                  | 3      | 3.2                        | 20,931    | 6.1                  | 4      | 4.5                        | 26,860    |
|                                           | 13.0% ≤              | 2      | 2.4                        | 21,406    | 6.6                  | 2      | 2.1                        | 19,997    | 5.8                  | 2      | 2.3                        | 19,817    |
|                                           | 14.0% ≤              | 4      | 4.6                        | 30,144    | 9.3                  | 3      | 4.0                        | 28,128    | 8.2                  | 3      | 3.8                        | 25,604    |
|                                           | 15.0% ≤              | 2      | 3.2                        | 18,463    | 5.7                  | 2      | 3.0                        | 18,826    | 5.5                  | 4      | 4.4                        | 22,691    |
|                                           | 16.0% ≤              | 4      | 5.7                        | 29,327    | 9.1                  | 4      | 4.8                        | 26,739    | 7.8                  | 3      | 4.0                        | 22,744    |
|                                           | 17.0% ≤              | 6      | 7.4                        | 31,575    | 9.8                  | 5      | 6.3                        | 30,194    | 8.8                  | 5      | 5.4                        | 26,158    |
|                                           | 18.0% ≤              | 64     | 73.9                       | 172,437   | 53.4                 | 71     | 76.6                       | 197,819   | 57.7                 | 74     | 75.6                       | 201,302   |
|                                           | 合計 (Total)           | 87     | 100.0                      | 322,840   | 100.0                | 93     | 100.0                      | 342,637   | 100.0                | 98     | 100.0                      | 345,180   |
| 事業者ローン<br>(Small Business Loans)          | <28.0%               | 6      | 35.4                       | 8,998     | 40.3                 | 8      | 40.7                       | 12,869    | 46.1                 | 11     | 47.4                       | 17,647    |
|                                           | 28.0% ≤              | 10     | 62.5                       | 13,110    | 58.7                 | 12     | 58.3                       | 14,955    | 53.5                 | 12     | 52.2                       | 15,245    |
|                                           | 29.0% ≤              | 0      | 2.1                        | 240       | 1.1                  | 0      | 1.1                        | 118       | 0.4                  | 0      | 0.4                        | 31        |
|                                           | 合計 (Total)           | 17     | 100.0                      | 22,348    | 100.0                | 21     | 100.0                      | 27,943    | 100.0                | 24     | 100.0                      | 32,924    |
| 合計                                        | (Total)              | 2,284  | 100.0                      | 1,413,340 | 100.0                | 2,246  | 100.0                      | 1,451,638 | 100.0                | 2,214  | 100.0                      | 1,471,767 |

貸付金額別残高構成 (Breakdown By Amount)

| 金額<br>Amount                     | 03/3                 |        |                            |           | 04/3                 |        |                            |           | 05/3                 |        |                            |           |
|----------------------------------|----------------------|--------|----------------------------|-----------|----------------------|--------|----------------------------|-----------|----------------------|--------|----------------------------|-----------|
|                                  | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           | 件数(千件)<br>Account ※1 |        | 残高(百万円)<br>Loan Balance ※2 |           |
|                                  | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    | 構成比(%)               | 構成比(%) | 構成比(%)                     | 構成比(%)    |
| 無担保ローン<br>(Unsecured Loans)      | (千円/¥ Thousand)      | 206    | 9.5                        | 14,611    | 1.4                  | 170    | 8.0                        | 11,792    | 1.1                  | 155    | 7.5                        | 10,814    |
|                                  | <100                 | 220    | 10.1                       | 36,548    | 3.4                  | 221    | 10.4                       | 37,864    | 3.5                  | 210    | 10.1                       | 36,136    |
|                                  | 100 ≤                | 233    | 10.7                       | 62,509    | 5.9                  | 229    | 10.8                       | 61,247    | 5.7                  | 197    | 9.5                        | 51,801    |
|                                  | 200 ≤                | 239    | 11.0                       | 85,798    | 8.0                  | 229    | 10.8                       | 81,369    | 7.5                  | 212    | 10.2                       | 73,990    |
|                                  | 300 ≤                | 899    | 41.2                       | 428,089   | 40.1                 | 887    | 41.7                       | 421,082   | 39.0                 | 910    | 43.5                       | 432,870   |
|                                  | 400 ≤                | 256    | 11.8                       | 213,001   | 19.9                 | 245    | 11.5                       | 202,167   | 18.7                 | 242    | 11.6                       | 196,363   |
|                                  | 500 ≤                | 124    | 5.7                        | 227,591   | 21.3                 | 145    | 6.8                        | 265,533   | 24.6                 | 161    | 7.7                        | 291,685   |
|                                  | 1,000 ≤              | 2,180  | 100.0                      | 1,068,151 | 100.0                | 2,131  | 100.0                      | 1,081,057 | 100.0                | 2,091  | 100.0                      | 1,093,662 |
|                                  | 合計 (Total)           | 4      | 4.8                        | 2,661     | 0.8                  | 4      | 5.0                        | 3,102     | 0.9                  | 5      | 5.6                        | 3,594     |
| 有担保ローン<br>(Home Equity Loans)    | (千円/¥ Thousand)      | 68     | 79.1                       | 192,517   | 59.6                 | 74     | 79.4                       | 207,509   | 60.6                 | 79     | 80.2                       | 217,223   |
|                                  | <1,000               | 11     | 13.3                       | 86,476    | 26.8                 | 12     | 13.0                       | 90,987    | 26.6                 | 11     | 12.0                       | 87,258    |
|                                  | 1,000 ≤              | 2      | 2.9                        | 39,445    | 12.2                 | 2      | 2.6                        | 39,316    | 11.5                 | 2      | 2.3                        | 35,656    |
|                                  | 5,000 ≤              | 0      | 0.0                        | 1,268     | 0.4                  | 0      | 0.0                        | 1,266     | 0.4                  | 0      | 0.0                        | 993       |
|                                  | 10,000 ≤             | 0      | 0.0                        | 471       | 0.1                  | 0      | 0.0                        | 454       | 0.1                  | 0      | 0.0                        | 453       |
|                                  | 50,000 ≤             | 87     | 100.0                      | 322,840   | 100.0                | 93     | 100.0                      | 342,637   | 100.0                | 98     | 100.0                      | 345,180   |
|                                  | 100,000 ≤            | 6      | 37.8                       | 4,508     | 20.2                 | 7      | 34.6                       | 4,786     | 17.1                 | 8      | 33.0                       | 4,970     |
| 事業者ローン<br>(Small Business Loans) | (千円/¥ Thousand)      | 10     | 57.5                       | 15,960    | 71.4                 | 12     | 60.0                       | 20,613    | 73.8                 | 15     | 61.9                       | 24,854    |
|                                  | <1,000               | 0      | 4.8                        | 1,879     | 8.4                  | 1      | 5.3                        | 2,543     | 9.1                  | 1      | 5.1                        | 3,099     |
|                                  | 1,000 ≤              | 17     | 100.0                      | 22,348    | 100.0                | 21     | 100.0                      | 27,943    | 100.0                | 24     | 100.0                      | 32,924    |
|                                  | 合計 (Total)           | 2,284  | 100.0                      | 1,413,340 | 100.0                | 2,246  | 100.0                      | 1,451,638 | 100.0                | 2,214  | 100.0                      | 1,471,767 |

※1: Thousand

※2: ¥ Million

# 9. アイフル無担保ローン顧客属性 (Unsecured Loans Customer Profile / AIFUL)

## (1) 性別 (Sex)

| 1)性 別 (Sex)                 |     | 年/決算月 (Fiscal Year) | 03/3   |       | 04/3   |       | 05/3   |       | (千件/Thousand) |
|-----------------------------|-----|---------------------|--------|-------|--------|-------|--------|-------|---------------|
|                             |     |                     | 構成比(%) |       | 構成比(%) |       | 構成比(%) |       |               |
| 新規顧客<br>(New Accounts)      | 男 性 | (Male)              | 284    | 70.2  | 252    | 71.0  | 243    | 70.7  | 構成比(%)        |
|                             | 女 性 | (Female)            | 120    | 29.8  | 103    | 29.0  | 100    | 29.3  |               |
|                             | 合 計 | (Total)             | 405    | 100.0 | 355    | 100.0 | 343    | 100.0 |               |
| 既存顧客<br>(Existing Accounts) | 男 性 | (Male)              | 1,497  | 68.7  | 1,468  | 68.9  | 1,442  | 69.0  | 構成比(%)        |
|                             | 女 性 | (Female)            | 682    | 31.3  | 662    | 31.1  | 648    | 31.0  |               |
|                             | 合 計 | (Total)             | 2,180  | 100.0 | 2,131  | 100.0 | 2,091  | 100.0 |               |

## (2) 年齢別 (Age)

| 2) 年齢別 (Age)                |         | 年/決算月 (Fiscal Year) |       | 03/3    |       | 04/3    |       | 05/3    |  | (千件 / Thousand) |  |
|-----------------------------|---------|---------------------|-------|---------|-------|---------|-------|---------|--|-----------------|--|
|                             |         |                     |       | 構成比 (%) |       | 構成比 (%) |       | 構成比 (%) |  | 構成比 (%)         |  |
| 新規顧客<br>(New Accounts)      | 20 ~ 29 | (才 / Age)           | 174   | 43.1    | 155   | 43.8    | 151   | 44.1    |  |                 |  |
|                             | 30 ~ 39 |                     | 94    | 23.2    | 84    | 23.7    | 81    | 23.8    |  |                 |  |
|                             | 40 ~ 49 |                     | 65    | 16.1    | 56    | 15.9    | 54    | 15.8    |  |                 |  |
|                             | 50 ~ 59 |                     | 50    | 12.5    | 42    | 11.9    | 40    | 11.7    |  |                 |  |
|                             | 60 ~    |                     | 20    | 5.1     | 16    | 4.7     | 16    | 4.7     |  |                 |  |
| 合 計                         |         | (Total)             | 405   | 100.0   | 355   | 100.0   | 343   | 100.0   |  |                 |  |
| 既存顧客<br>(Existing Accounts) | 20 ~ 29 | (才 / Age)           | 524   | 24.1    | 544   | 25.6    | 515   | 24.6    |  |                 |  |
|                             | 30 ~ 39 |                     | 609   | 27.9    | 590   | 27.7    | 588   | 28.1    |  |                 |  |
|                             | 40 ~ 49 |                     | 434   | 19.9    | 419   | 19.7    | 415   | 19.9    |  |                 |  |
|                             | 50 ~ 59 |                     | 389   | 17.9    | 369   | 17.3    | 362   | 17.3    |  |                 |  |
|                             | 60 ~    |                     | 221   | 10.2    | 207   | 9.7     | 209   | 10.0    |  |                 |  |
| 合 計                         |         | (Total)             | 2,180 | 100.0   | 2,131 | 100.0   | 2,091 | 100.0   |  |                 |  |

## (3) 保険種別 (Type of Social Security)

|                        |         | 年/決算月 (Fiscal Year)                       |  | 03/3 |       | 04/3 |       | 05/3 |       | (千件/Thousand) |
|------------------------|---------|-------------------------------------------|--|------|-------|------|-------|------|-------|---------------|
| 新規顧客<br>(New Accounts) | 会社員(社保) | Office Worker (Company Health Insurance)  |  | 192  | 47.5  | 170  | 48.0  | 161  | 47.0  | 構成比(%)        |
|                        | 会社員(国保) | Office Worker (National Health Insurance) |  | 159  | 39.4  | 142  | 39.9  | 142  | 41.5  |               |
|                        | 自営業者    | Self Employed                             |  | 53   | 13.1  | 43   | 12.1  | 39   | 11.5  |               |
|                        | 合 計     | Total                                     |  | 405  | 100.0 | 355  | 100.0 | 343  | 100.0 |               |

## (4) 年収別 (Annual Income)

| 4) 年収別 (Annual Income) |          | 年/決算月 (Fiscal Year) |     | 03/3   |     | 04/3   |     | 05/3   |  | (千件/Thousand) |
|------------------------|----------|---------------------|-----|--------|-----|--------|-----|--------|--|---------------|
|                        |          |                     |     | 構成比(%) |     | 構成比(%) |     | 構成比(%) |  | 構成比(%)        |
| 新規顧客<br>(New Accounts) | < 2,000  | (千円/¥Thousand)      | 69  | 17.1   | 63  | 17.7   | 63  | 18.5   |  |               |
|                        | 2,000 ≦  |                     | 89  | 22.0   | 80  | 22.7   | 80  | 23.3   |  |               |
|                        | 3,000 ≦  |                     | 101 | 25.0   | 88  | 24.9   | 86  | 25.2   |  |               |
|                        | 4,000 ≦  |                     | 53  | 15.3   | 53  | 15.0   | 49  | 14.5   |  |               |
|                        | 5,000 ≦  |                     | 54  | 13.5   | 46  | 13.0   | 42  | 12.3   |  |               |
|                        | 7,000 ≦  |                     | 22  | 5.5    | 18  | 5.2    | 17  | 5.0    |  |               |
|                        | 10,000 ≦ |                     | 6   | 1.6    | 5   | 1.5    | 4   | 1.3    |  |               |
| 合 計                    |          | (Total)             | 405 | 100.0  | 355 | 100.0  | 343 | 100.0  |  |               |

# アイフル有担保ローン顧客属性 (Home Equity Loans Customer Profile / AIFUL)

| 年/決算月 (Fiscal Year) |               | 03/3   |  | 04/3   |  | 05/3   |  |
|---------------------|---------------|--------|--|--------|--|--------|--|
|                     |               | 増減数(%) |  | 増減数(%) |  | 増減数(%) |  |
| 性別                  | Sex           |        |  |        |  |        |  |
| 男性                  | Male          | 78.9   |  | 79.2   |  | 79.7   |  |
| 女性                  | Female        | 21.1   |  | 20.8   |  | 20.3   |  |
| 年齢                  | Age           |        |  |        |  |        |  |
| 20 ~ 29             |               | 1.8    |  | 1.6    |  | 1.5    |  |
| 30 ~ 39             |               | 11.2   |  | 10.6   |  | 10.3   |  |
| 40 ~ 49             |               | 25.3   |  | 24.2   |  | 23.5   |  |
| 50 ~                |               | 61.7   |  | 63.6   |  | 64.7   |  |
| 年収別                 | Annual Income |        |  |        |  |        |  |
| < 2,000             |               | 19.5   |  | 19.2   |  | 18.6   |  |
| 2,000 ≤ < 3,000     |               | 13.2   |  | 13.4   |  | 13.5   |  |
| 3,000 ≤ < 4,000     |               | 18.5   |  | 19.0   |  | 19.4   |  |
| 4,000 ≤ < 5,000     |               | 15.2   |  | 15.2   |  | 15.5   |  |
| 5,000 ≤             |               | 33.6   |  | 33.2   |  | 33.0   |  |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

| 年/決算月 (Fiscal Year) |               | 03/3   |  | 04/3   |  | 05/3   |  |
|---------------------|---------------|--------|--|--------|--|--------|--|
|                     |               | 増減数(%) |  | 増減数(%) |  | 増減数(%) |  |
| 貸付目 ※1              | Loan to value |        |  |        |  |        |  |
| < 45%               |               | 39.5   |  | 37.5   |  | 36.5   |  |
| 45 ≤ < 55%          |               | 7.4    |  | 8.5    |  | 7.1    |  |
| 55 ≤ < 65%          |               | 9.7    |  | 9.4    |  | 8.8    |  |
| 65 ≤ < 75%          |               | 25.4   |  | 27.5   |  | 30.1   |  |
| 75% ≤               |               | 18.0   |  | 17.1   |  | 17.6   |  |
| 担保順位 ※1             | Mortgage Rank |        |  |        |  |        |  |
| 1st                 |               | 51.0   |  | 56.5   |  | 55.7   |  |
| 2nd                 |               | 29.6   |  | 28.3   |  | 28.2   |  |
| 3rd                 |               | 7.6    |  | 6.8    |  | 5.9    |  |
| 4th ~               |               | 11.8   |  | 8.3    |  | 10.2   |  |

※1: 新規顧客+元済後再利用顧客 ※1: New Accounts+Return Accounts

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

# アイフル貸倒&不良債権 (Credit Cost & NPL's / AIFUL)

クレジットコストの状況／年間比較 (Credit Cost / YOY%)

(百万円 / ¥ Million)

| 年/決算月 (Fiscal Year) |                                           | 03/3      |  | 04/3      |  | 05/3      |  | 2006/3 (E) |  |
|---------------------|-------------------------------------------|-----------|--|-----------|--|-----------|--|------------|--|
|                     |                                           | / (L) %   |  | / (L) %   |  | / (L) %   |  | / (L) %    |  |
| 未営業貸付金              | (L)                                       | 1,413,340 |  | 1,451,638 |  | 1,471,767 |  | 1,523,860  |  |
| 無担保                 | Unsecured                                 | 1,068,151 |  | 1,081,057 |  | 1,093,662 |  | 1,133,005  |  |
| 有担保                 | Home equity                               | 322,841   |  | 342,637   |  | 345,180   |  | 348,154    |  |
| 事業者                 | Small business                            | 22,349    |  | 27,943    |  | 32,924    |  | 42,700     |  |
| 初貸倒引当金              | ① Allowance for bad debt (Beginning)      | 58,689    |  | 70,479    |  | 81,693    |  | 81,928     |  |
| 倒発生額                | ② Write-offs                              | 74,598    |  | 90,998    |  | 90,316    |  | 84,702     |  |
| 前年同期比               | yoY%                                      | 44.4      |  | 22.0      |  | -0.7      |  | -6.2       |  |
| 無担保                 | Unsecured                                 | 69,816    |  | 83,359    |  | 81,193    |  | 74,682     |  |
| 有担保                 | Home equity                               | 4,095     |  | 6,362     |  | 7,187     |  | 7,726      |  |
| 事業者                 | Small business                            | 686       |  | 1,277     |  | 1,935     |  | 2,294      |  |
| 保証債権等               | ③ Guarantee, etc                          | 122       |  | 550       |  | 926       |  | 1,438      |  |
| 別貸倒引当金繰入            | ④ Non-operating Allowance for bad debt ※1 | 4,387     |  | 6,459     |  | 5,907     |  | 5,943      |  |
| 無担保                 | Unsecured                                 | 2,151     |  | 3,147     |  | 2,243     |  | 2,105      |  |
| 有担保                 | Home equity                               | 2,218     |  | 3,249     |  | 3,613     |  | 3,749      |  |
| 事業者                 | Small business                            | 18        |  | 62        |  | 51        |  | 88         |  |
| ②+④                 | ②+④                                       | 78,986    |  | 97,458    |  | 96,224    |  | 90,646     |  |
| 前年同期比               | yoY%                                      | 46.6      |  | 23.4      |  | -1.3      |  | -5.8       |  |
| 無担保                 | Unsecured                                 | 71,968    |  | 86,507    |  | 83,436    |  | 76,787     |  |
| 有担保                 | Home equity                               | 6,313     |  | 9,612     |  | 10,800    |  | 11,475     |  |
| 事業者                 | Small business                            | 704       |  | 1,339     |  | 1,987     |  | 2,383      |  |
| 倒関連費用(営業費用) ※2      | Credit Cost                               | 86,371    |  | 109,223   |  | 97,385    |  | 84,265     |  |
| ⑤                   | ⑤ Allowance for bad debt (End)            | 70,479    |  | 81,693    |  | 81,928    |  | 74,108     |  |
| 未貸倒引当金              |                                           |           |  |           |  |           |  |            |  |

※1: 個別貸倒引当金=破産更生債権(有担保)+民事再生債権 Non-operating allowance for bad debt = Loans with legal bankruptcy + Loans with civil rehabilitation law.

※2: 貸倒関連費用(営業費用)=①期初貸倒引当金+②貸倒発生額+③保証債権等+④個別貸倒引当金繰入+⑤期末貸倒引当金  
Credit cost = Write-Offs② + Guarantee, etc③ + Non-operating allowance for bad debt④ + Allowance for bad debt(end)⑤ - Allowance for bad debt(beginning)①

# 11.1. アイフル貸倒&不良債権 (Credit Cost & NPL's / AIFUL)

## (2) クレジットコストの状況 / 半期比較 (Credit Cost / YTD%)

| 年 / 決算月 (Fiscal Year)  |                                        | 03/9<br>(6M) | / (L) % | 04/3<br>(6M) | / (L) % | 04/9<br>(6M) | / (L) % | 05/3<br>(6M) | / (L) % |
|------------------------|----------------------------------------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|
| 期末営業貸付金                | (L)                                    | 1,435,770    | -       | 1,451,638    | -       | 1,459,310    | -       | 1,471,767    | -       |
| 無担保                    | Loans outstanding                      |              |         |              |         |              |         |              |         |
| 有担保                    | Unsecured                              | 1,074,563    | -       | 1,081,057    | -       | 1,085,579    | -       | 1,093,662    | -       |
| 事業者                    | Home equity                            | 335,742      | -       | 342,637      | -       | 343,560      | -       | 345,180      | -       |
|                        | Small business                         | 25,464       | -       | 27,943       | -       | 30,170       | -       | 32,924       | -       |
| 期初貸倒引当金                | ① Allowance for bad debt (Beginning)   | 70,479       | 4.91    | 70,479       | 4.86    | 81,693       | 5.60    | 81,693       | 5.55    |
| 貸倒発生額                  | Write offs                             | 44,403       | 3.09    | 46,595       | 3.21    | 44,658       | 3.06    | 45,658       | 3.10    |
|                        | 半期増減率                                  | 3.2          |         | 4.9          |         | -4.2         |         | 2.2          |         |
| 無担保                    | Unsecured                              | 41,088       | 3.82    | 42,271       | 3.91    | 40,446       | 3.73    | 40,747       | 3.73    |
| 有担保                    | Home equity                            | 2,730        | 0.81    | 3,632        | 1.06    | 3,315        | 0.96    | 3,872        | 1.12    |
| 事業者                    | Small business                         | 584          | 2.29    | 693          | 2.48    | 896          | 2.97    | 1,039        | 3.16    |
| 保証債権等                  | Guarantee, etc                         | 208          | -       | 342          | -       | 393          | -       | 533          | -       |
| 個別貸倒引当金繰入<br>(個別引当) ※1 | ② Non-operating Allowance for bad debt | 3,584        | 0.25    | 2,875        | 0.20    | 4,765        | 0.33    | 1,142        | 0.08    |
| 無担保                    | Unsecured                              | 2,185        | 0.20    | 962          | 0.09    | 2,565        | 0.24    | -322         | -0.03   |
| 有担保                    | Home equity                            | 1,380        | 0.41    | 1,869        | 0.55    | 2,188        | 0.64    | 1,425        | 0.41    |
| 事業者                    | Small business                         | 18           | 0.07    | 44           | 0.16    | 11           | 0.04    | 40           | 0.12    |
| ①+②                    | ①+②                                    | 47,987       | 3.34    | 49,471       | 3.41    | 49,423       | 3.39    | 46,801       | 3.18    |
| 半期増減率                  | YTD%                                   | 6.7          |         | 3.1          |         | -0.1         |         | -5.3         |         |
| 無担保                    | Unsecured                              | 43,273       | 4.03    | 43,234       | 4.00    | 43,012       | 3.96    | 40,424       | 3.70    |
| 有担保                    | Home equity                            | 4,110        | 1.22    | 5,502        | 1.61    | 5,503        | 1.60    | 5,297        | 1.53    |
| 事業者                    | Small business                         | 603          | 2.37    | 736          | 2.63    | 907          | 3.01    | 1,080        | 3.28    |
| 貸倒関連費用(営業費用)           | Credit Cost                            | 60,465       | 4.21    | 48,758       | 3.36    | 49,874       | 3.42    | 47,511       | 3.23    |
| 期末貸倒引当金                | Allowance for bad debt (End)           | 82,748       | 5.76    | 81,693       | 5.63    | 81,750       | 5.60    | 81,928       | 5.57    |

※1: 個別貸倒引当金 = 破産更生債権 (有担保) + 民事再生債権 Non-operating allowance for bad debt = Loans with legal bankruptcy + Loans with civil rehabilitation law.

# アイフル貸倒&不良債権 (Credit Cost & NPL's / AIFUL)

不良債権の状況(金融庁「4分類」)(NPL defined by FSA)

(百万円/ ¥ Million)

| 年/決算月 (Fiscal Year) |                                | 03/3      |  | 04/3      |  | 04/9      |  | 05/3      |  | 2006/3(E) |  |
|---------------------|--------------------------------|-----------|--|-----------|--|-----------|--|-----------|--|-----------|--|
|                     |                                | /(L) %    |  | /(L) %    |  | /(L) %    |  | /(L) %    |  | /(L) %    |  |
| 営業貸付金               | (L) Loans outstanding (L)      | 1,413,340 |  | 1,451,638 |  | 1,459,310 |  | 1,471,767 |  | 1,523,860 |  |
| 無担保                 | Unsecured                      | 1,068,151 |  | 1,081,057 |  | 1,085,579 |  | 1,093,662 |  | 1,133,005 |  |
| 有担保                 | Home equity                    | 322,840   |  | 342,637   |  | 343,560   |  | 345,180   |  | 348,154   |  |
| 事業者                 | Small business                 | 22,348    |  | 27,943    |  | 30,170    |  | 32,924    |  | 42,700    |  |
| 類開示債権合計             | NPL total ①                    | 95,908    |  | 117,884   |  | 127,416   |  | 128,662   |  | -         |  |
| 破綻先                 | Category 4                     | 20,339    |  | 26,107    |  | 29,444    |  | 28,144    |  | -         |  |
| 延滞債権                | Category 3                     | 31,834    |  | 42,141    |  | 46,015    |  | 48,221    |  | -         |  |
| 3ヶ月以上延滞債権           | Category 2                     | 11,217    |  | 12,375    |  | 12,918    |  | 12,100    |  | -         |  |
| 貸出条件緩和債権            | Category 1                     | 32,517    |  | 37,260    |  | 39,037    |  | 40,196    |  | -         |  |
| 無担保ローン              | ②                              | 58,223    |  | 69,943    |  | 72,885    |  | 73,025    |  | -         |  |
| 破綻先                 | Category 4                     | 2,850     |  | 4,880     |  | 4,745     |  | 3,780     |  | -         |  |
| 延滞債権                | Category 3                     | 14,882    |  | 18,929    |  | 19,832    |  | 20,261    |  | -         |  |
| 3ヶ月以上延滞債権           | Category 2                     | 8,031     |  | 8,977     |  | 9,477     |  | 9,061     |  | -         |  |
| 貸出条件緩和債権            | Category 1                     | 32,458    |  | 37,155    |  | 38,830    |  | 39,923    |  | -         |  |
| 貸倒引当金               | Allowance for NPL ③            | 88,827    |  | 99,958    |  | 101,425   |  | 101,053   |  | 99,522    |  |
| 無税                  | Untaxable                      | 68,227    |  | 81,864    |  | 99,488    |  | 99,700    |  | 98,395    |  |
| 有税                  | Taxable                        | 20,599    |  | 18,094    |  | 1,936     |  | 1,353     |  | 1,126     |  |
| 流動                  | Current assets ④               | 70,479    |  | 81,693    |  | 81,750    |  | 81,928    |  | 74,108    |  |
| 固定                  | Fixed assets                   | 18,348    |  | 18,264    |  | 19,674    |  | 19,124    |  | 25,413    |  |
| カバー率 (ALL) ③/①      | Coverage ratio (All) ③/①       | 92.6      |  | 84.8      |  | 79.6      |  | 78.5      |  | -         |  |
| カバー率 (無担保) ④/②      | Coverage ratio (Unsecured) ④/② | 121.0     |  | 116.8     |  | 112.2     |  | 112.2     |  | -         |  |

貸付金

未収利息不計上貸付金のうち、破産債権、再生債権、更生債権、その他これらに準ずる貸付金

月以上延滞債権

営業店債権の内、3ヶ月以上5ヶ月未満の延滞債権 (未収利息計上)

債権

その他の未収利息不計上の、5ヶ月以上11ヶ月未満延滞債権 (回収専門の管理センターが管理)

但し、債務者の経営再建または支援を図ることを目的として利息の支払いを猶予したものを除く

条件緩和債権

上記以外の当該貸付金の回収を促進することなどを目的に、金利の減免等債務者に

有利となる取決めを行なった貸付金

# アイル貸倒と不良債権 (Credit Cost & NPL's / AIFUL)

担保ローン債権分類内訳(ストック) (Details of Unsecured Loans)

(単位: 百万円/ ¥Million)

|           | 年/決算月 (Fiscal Year) |      | 03/9                        |         | 04/3                        |         | 04/9                        |         | 05/3                        |         | 2006/3(E)                   |         |
|-----------|---------------------|------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|
|           | (L)                 | (L)  | Unsecured Loans Outstanding | / (L) % | Unsecured Loans Outstanding | / (L) % | Unsecured Loans Outstanding | / (L) % | Unsecured Loans Outstanding | / (L) % | Unsecured Loans Outstanding | / (L) % |
| 保ローン残高    |                     |      | 1,074,563                   | -       | 1,081,057                   | -       | 1,085,579                   | -       | 1,093,662                   | -       | 1,133,005                   | -       |
| 営業店残高     |                     |      | 1,057,467                   | 98.4    | 1,062,361                   | 98.3    | 1,065,746                   | 98.2    | 1,073,401                   | 98.1    | 1,114,216                   | 98.3    |
| 正常債権残高    |                     |      | 986,346                     | 91.8    | 998,354                     | 92.3    | 999,873                     | 92.1    | 1,008,077                   | 92.2    | 1,051,900                   | 92.8    |
| 解約債権残高 ※1 |                     |      | 62,943                      | 6.0     | 64,006                      | 6.0     | 65,873                      | 6.2     | 65,324                      | 6.1     | 62,315                      | 5.6     |
| 半期増減率     |                     | YTD% | 9.9                         |         | 1.7                         |         | 2.9                         |         | -0.8                        |         | -4.6                        |         |
| うち条件緩和債権  |                     |      | 34,345                      | 3.2     | 35,852                      | 3.4     | 37,086                      | 3.5     | 37,750                      | 3.5     | -                           | -       |
| うちその他解約債権 |                     |      | 28,598                      | 2.7     | 28,153                      | 2.7     | 28,787                      | 2.7     | 27,573                      | 2.6     | -                           | -       |
| 管理センター残高  |                     |      | 17,095                      | 1.6     | 18,696                      | 1.7     | 19,832                      | 1.8     | 20,261                      | 1.9     | 18,788                      | 1.7     |
| 半期増減率     |                     | YTD% | 15.3                        |         | 9.4                         |         | 6.1                         |         | 2.2                         |         | -7.3                        |         |

※1: 解約未収率=解約債権残高/営業店残高 Defaulted Loan(1M+NPL) / Unsecured Loans Outstanding (Branch's)

担保ローン延滞遷移率(フロー) (Overdue Ratio of Unsecured Loans)

(単位: 百万円/ ¥Million・%)

|          | 年/決算月 (Fiscal Year) |      | 03/9     |          | 04/3     |          | 04/9     |          | 05/3     |          |
|----------|---------------------|------|----------|----------|----------|----------|----------|----------|----------|----------|
|          | (6M)                | (6M) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) | 増減率(yoy) |
| 発生率 ※2   |                     |      | 1,003    | 0.214    | 0.939    | 0.054    | 0.943    | -0.060   | 0.866    | -0.073   |
| うち介入発生率  |                     |      | 0.642    | 0.157    | 0.569    | 0.016    | 0.576    | -0.066   | 0.535    | -0.034   |
| うち不実行発生率 |                     |      | 0.361    | 0.057    | 0.370    | 0.038    | 0.367    | 0.006    | 0.331    | -0.039   |
| 発生率 ※3   |                     |      | 0.631    | 0.137    | 0.639    | 0.065    | 0.611    | -0.020   | 0.566    | -0.073   |
| 額        |                     |      | 39,881   | 31.2     | 40,606   | 12.1     | 38,973   | -2.3     | 36,292   | -10.6    |

※2: 解約発生率=解約発生金額/正常債権残高 Default Ratio = Default(1M+Arreage) / Ordinary Loans

※3: 移管発生率=移管発生金額/営業店残高 Transfer Ratio = Transfer(5M+Arreage) / Unsecured Loans Outstanding (Branch's)

(注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

倒債却要因別状況/残高(無担保ローン) (Reason for Write-off, Unsecured)

(単位: 百万円/ ¥Million)

| 理由 (合計) | 年/決算月 (Fiscal Year) |                                                     | 03/9   |                      | 04/3   |                      | 04/9   |                      | 05/3   |                      |
|---------|---------------------|-----------------------------------------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|
|         | 増減率                 | Reason for Write-off (Total)                        | (6M)   | 償却単価※1 (per account) | (12M)  | 償却単価※1 (per account) | (6M)   | 償却単価※1 (per account) | (12M)  | 償却単価※1 (per account) |
| 破産      |                     | Bankruptcy                                          | 18,656 | 480                  | 35,263 | 485                  | 15,334 | 511                  | 28,941 | 513                  |
| 元金損失    |                     | Waiver of principal due to a settlement with lawyer | 8,209  | -                    | 18,394 | -                    | 8,454  | -                    | 20,379 | -                    |
| 連絡不能等   |                     | Loss of contact etc.                                | 7,853  | 342                  | 15,746 | 346                  | 8,496  | 374                  | 15,233 | 374                  |
| 介入後未決   |                     | Unsettled intervention                              | 2,696  | 446                  | 5,151  | 460                  | 3,398  | 480                  | 6,477  | 493                  |
| 不実行     |                     | No intention to repay                               | 3,672  | 328                  | 8,804  | 355                  | 4,761  | 354                  | 10,161 | 360                  |
|         |                     |                                                     | 39.4   | 8.9%                 | 53.8   | 10.6%                | 29.7   | 11.8%                | 15.4   | 12.5%                |

※1: 償却単価=償却金額/償却件数(単位: 千円) Write-offs per account=Write-offs/Accounts of Write-offs (¥Thousand)

※2: 元金損失1口度あたり単価(03/9 263千円, 04/9 302千円, 05/3 329千円)。The per account of Waiver of principal due to a settlement with lawyer is 03/9 263, 04/9 302, 05/3 329 (¥Thousand)

1) 営業実績 (Operating Results)

| クレジットカード     |       | Credit Card            |             | 1997年   |       | 1998年   |      | 1999年   |      | 2000年 |  | 2001年 |  | 2002年 |  |
|--------------|-------|------------------------|-------------|---------|-------|---------|------|---------|------|-------|--|-------|--|-------|--|
| 有効カード会員数     | (千人)  | Number of Card Holders | (Thousand)  |         |       |         |      |         |      |       |  |       |  |       |  |
| プロパー         |       | 9,834                  | 1,118       | 11,032  | 1,193 | 11,916  | 884  | 12,844  | 928  |       |  |       |  |       |  |
| 提携           |       | 1,509                  | 122         | 1,625   | 116   | 1,710   | 85   | 1,817   | 107  |       |  |       |  |       |  |
|              |       | 8,324                  | 996         | 9,406   | 1,082 | 10,205  | 799  | 11,027  | 822  |       |  |       |  |       |  |
| 新規発行数        | (千枚)  | Number of New Issue    | (Thousand)  |         |       |         |      |         |      |       |  |       |  |       |  |
| プロパー         |       | 2,073                  | 273         | 2,142   | 63    | 2,036   | -56  | 2,184   | 98   |       |  |       |  |       |  |
| 提携           |       | 190                    | 13          | 192     | 2     | 207     | 15   | 235     | 28   |       |  |       |  |       |  |
|              |       | 1,883                  | 266         | 1,950   | 67    | 1,878   | -72  | 1,949   | 71   |       |  |       |  |       |  |
| 単価(残高÷残有会員数) | (千円)  | Balance per Account    | (¥Thousand) |         |       |         |      |         |      |       |  |       |  |       |  |
| 総合回転         |       | 54                     | -5.3        | 46      | -14.8 | 54      | 17.4 | 53      | -1.9 |       |  |       |  |       |  |
| キャッシング       |       | 227                    | 5.1         | 224     | -1.3  | 219     | -2.2 | 216     | -1.4 |       |  |       |  |       |  |
| 買上実績         | (百万円) | Purchase Results       | (Million)   |         |       |         |      |         |      |       |  |       |  |       |  |
| 個品回転         |       | 125,246                | 19.8        | 118,131 | -5.7  | 135,646 | 14.8 | 139,945 | 3.2  |       |  |       |  |       |  |
| カード事業        |       | 503,448                | 18.3        | 543,507 | 8.0   | 597,314 | 9.9  | 661,739 | 10.8 |       |  |       |  |       |  |
| 総合回転         |       | 274,479                | 17.5        | 318,115 | 15.9  | 373,130 | 17.3 | 419,629 | 12.5 |       |  |       |  |       |  |
| キャッシング       |       | 228,968                | -0.7        | 225,392 | -1.6  | 224,184 | 0.5  | 242,109 | 8.0  |       |  |       |  |       |  |

2) チャネル展開 (Marketing Channel)

(注) 斜体数值は増減数  
Notes: Italic Font = Increase or Decrease

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ライフ損益の内訳 (Revenue and Expenses / LIFE)

営業債権ベース (Managed Asset Basis)

(百万円/¥ Million)

|                 | 年/決算月 (Fiscal Year)             |  |  |  | 03/3      |            |           |            | 04/3      |            |           |            | 05/3      |            |           |            | 2006/3 (E) |            |           |            |
|-----------------|---------------------------------|--|--|--|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|------------|-----------|------------|
|                 |                                 |  |  |  | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) | 営業収益比 (%)  | 増減率 (yoy%) | 営業収益比 (%) | 増減率 (yoy%) |
| 営業収益            | Operating Revenue               |  |  |  | 103,880   | 100.0      | 113,738   | 100.0      | 123,881   | 100.0      | 123,881   | 8.9        | 135,458   | 100.0      | 135,458   | 9.3        |            |            |           |            |
| 割賦売掛金収益         | Installment Receivable          |  |  |  | 23,566    | 22.7       | 24,415    | 21.5       | 26,870    | 21.7       | 26,870    | 10.1       | 29,648    | 21.9       | 29,648    | 10.3       |            |            |           |            |
| 総合卸売            | Credit Card Shopping            |  |  |  | 7,945     | 7.6        | 8,402     | 7.4        | 9,313     | 7.5        | 9,313     | 10.8       | 10,281    | 7.6        | 10,281    | 10.4       |            |            |           |            |
| 個品卸売            | Installment Sales Finance       |  |  |  | 15,400    | 14.8       | 15,901    | 14.0       | 17,501    | 14.1       | 17,501    | 10.1       | 19,327    | 14.3       | 19,327    | 10.4       |            |            |           |            |
| その他             | Other                           |  |  |  | 219       | 0.2        | 110       | 0.1        | 55        | 0.0        | 55        | -50.0      | 39        | 0.0        | 39        | -29.1      |            |            |           |            |
| 営業貸付収益          | Loans (Cash Advance)            |  |  |  | 69,578    | 67.0       | 78,815    | 69.3       | 84,919    | 68.5       | 84,919    | 7.7        | 93,440    | 69.0       | 93,440    | 10.0       |            |            |           |            |
| カードキャッシング       | with Credit Card                |  |  |  | 42,327    | 40.7       | 46,979    | 41.3       | 48,558    | 39.2       | 48,558    | 3.4        | 51,431    | 38.0       | 51,431    | 5.9        |            |            |           |            |
| キャッシング          | with Loan Card (Life Play Card) |  |  |  | 27,199    | 26.2       | 31,786    | 27.9       | 36,313    | 29.3       | 36,313    | 14.2       | 41,972    | 31.0       | 41,972    | 15.6       |            |            |           |            |
| その他融資           | Other                           |  |  |  | 51        | 0.0        | 50        | 0.0        | 48        | 0.0        | 48        | -4.0       | 35        | 0.0        | 35        | -27.1      |            |            |           |            |
| 信用保証            | Guarantee                       |  |  |  | 3,622     | 3.5        | 3,842     | 3.4        | 4,044     | 3.3        | 4,044     | 5.3        | 4,403     | 3.3        | 4,403     | 8.9        |            |            |           |            |
| その他の金融収益        | Other Financial Revenue         |  |  |  | 164       | 0.2        | 60        | 0.1        | 50        | 0.0        | 50        | -16.7      | 46        | 0.0        | 46        | -8.0       |            |            |           |            |
| その他の営業収益        | Other Operating Revenue         |  |  |  | 6,949     | 6.7        | 6,604     | 5.8        | 7,995     | 6.5        | 7,995     | 21.1       | 7,919     | 5.8        | 7,919     | -1.0       |            |            |           |            |
| 償却債権回収額         | Bad Debt Recovery               |  |  |  | 2,311     | 2.2        | 2,670     | 2.3        | 3,175     | 2.6        | 3,175     | 18.9       | 3,405     | 2.5        | 3,405     | 7.2        |            |            |           |            |
| その他の業務収入        | Other                           |  |  |  | 4,638     | 4.5        | 3,933     | 3.5        | 4,819     | 3.9        | 4,819     | 22.5       | 4,513     | 3.3        | 4,513     | -6.3       |            |            |           |            |
| 営業費用            | Operating Expenses              |  |  |  | 96,021    | 92.4       | 101,943   | 89.6       | 107,401   | 86.7       | 107,401   | 5.4        | 114,466   | 84.5       | 114,466   | 6.6        |            |            |           |            |
| 金融費用            | Financial Expenses              |  |  |  | 7,079     | 6.8        | 8,588     | 7.6        | 8,806     | 7.1        | 8,806     | 2.5        | 9,952     | 7.3        | 9,952     | 13.0       |            |            |           |            |
| 貸倒関連費用          | Credit Cost                     |  |  |  | 35,809    | 34.5       | 37,902    | 33.3       | 39,775    | 32.1       | 39,775    | 4.9        | 38,557    | 28.5       | 38,557    | -3.1       |            |            |           |            |
| その他の営業費用        | Other Operating Expenses (S&A)  |  |  |  | 53,132    | 51.1       | 55,451    | 48.8       | 58,819    | 47.5       | 58,819    | 6.1        | 65,956    | 48.7       | 65,956    | 12.1       |            |            |           |            |
| 広告宣伝費           | Advertising Expenses            |  |  |  | 4,770     | 4.6        | 5,054     | 4.4        | 5,464     | 4.4        | 5,464     | 8.1        | 5,934     | 4.4        | 5,934     | 8.6        |            |            |           |            |
| 人件費             | Salaries                        |  |  |  | 15,322    | 14.7       | 15,153    | 13.3       | 15,257    | 12.3       | 15,257    | 0.7        | 16,729    | 12.3       | 16,729    | 9.6        |            |            |           |            |
| その他             | Other                           |  |  |  | 33,040    | 31.8       | 35,243    | 31.0       | 38,096    | 30.8       | 38,096    | 8.1        | 43,292    | 32.0       | 43,292    | 13.6       |            |            |           |            |
| 販売費             | Sales Cost                      |  |  |  | 13,863    | 13.3       | 15,769    | 13.9       | 17,623    | 14.2       | 17,623    | 11.8       | 19,731    | 14.6       | 19,731    | 12.0       |            |            |           |            |
| システム費           | System Cost                     |  |  |  | 9,546     | 9.2        | 10,164    | 8.9        | 10,698    | 8.6        | 10,698    | 5.3        | 12,561    | 9.3        | 12,561    | 17.4       |            |            |           |            |
| 施設費             | Rent Cost                       |  |  |  | 3,800     | 3.7        | 3,798     | 3.3        | 3,500     | 2.8        | 3,500     | -7.8       | 4,530     | 3.3        | 4,530     | 29.4       |            |            |           |            |
| 管理費             | Admin Cost                      |  |  |  | 5,828     | 5.6        | 5,511     | 4.8        | 6,274     | 5.1        | 6,274     | 13.8       | 6,468     | 4.8        | 6,468     | 3.1        |            |            |           |            |
| 営業利益            | Operating Income                |  |  |  | 7,858     | 7.6        | 11,795    | 10.4       | 16,480    | 13.3       | 16,480    | 39.7       | 20,992    | 15.5       | 20,992    | 27.4       |            |            |           |            |
| 営業外利益           | Non-operating Income            |  |  |  | 343       | 0.3        | 355       | 0.3        | 94        | 0.1        | 94        | -73.5      | 23        | 0.0        | 23        | -75.5      |            |            |           |            |
| 営業外費用           | Non-operating Expenses          |  |  |  | 153       | 0.1        | 69        | 0.1        | 50        | 0.0        | 50        | -27.5      | 15        | 0.0        | 15        | -70.0      |            |            |           |            |
| 通常利益            | Ordinary Income                 |  |  |  | 8,048     | 7.7        | 12,081    | 10.6       | 16,524    | 13.3       | 16,524    | 36.8       | 21,000    | 15.5       | 21,000    | 27.1       |            |            |           |            |
| 特別利益            | Extraordinary Income            |  |  |  | 210       | 0.2        | 4,277     | 3.8        | 1,936.7   | 0.2        | 217       | -94.9      | 120       | 0.1        | 120       | -44.7      |            |            |           |            |
| 特別損失            | Extraordinary Losses            |  |  |  | 2,943     | 2.8        | 6,159     | 5.4        | 885       | 0.7        | 885       | -85.6      | 66        | 0.0        | 66        | -92.5      |            |            |           |            |
| 税引前利益(a)        | Income before Income Taxes(a)   |  |  |  | 5,314     | 5.1        | 10,198    | 9.0        | 15,856    | 12.8       | 15,856    | 55.5       | 21,053    | 15.5       | 21,053    | 32.8       |            |            |           |            |
| 法人税・住民税及び事業税(b) | Income Taxes(b)                 |  |  |  | 164       | 0.2        | 218       | 0.2        | 225       | 0.2        | 225       | 3.2        | 240       | 0.2        | 240       | 6.7        |            |            |           |            |
| 法人税等調整額(c)      | Effect of a Tax Consequences(c) |  |  |  | -3,999    | -3.8       | -6,151    | -5.4       | 4,952     | 4.0        | 4,952     | -          | 8,547     | 6.3        | 8,547     | -          |            |            |           |            |
| 当期純利益           | Net Income                      |  |  |  | 9,149     | 8.8        | 16,131    | 14.2       | 10,679    | 8.6        | 10,679    | -33.8      | 12,265    | 9.1        | 12,265    | 14.9       |            |            |           |            |
| 実質税率(b+c)/a     | Real Tax Rate (b+c)/a           |  |  |  | -         | -          | -         | -          | 32.7      | -          | 32.7      | -          | 41.7      | -          | 41.7      | -          |            |            |           |            |

注: ライフのデータのうち、「営業債権ベース」と記されている数値につきましては、債権流動化により会計上はバランシートから落ちている営業債権をも含めた、「社内管理用の参考数値」です。

Note: The data currently described as "Managed asset basis" among the data of a Life is the pro forma amount in which the accounts top also included the operating assets excepted from balance sheet by securitization.

ライフ損益の内訳 (Revenue and Expenses / LIFE)

計ベース (On-Balance)

(百万円 / ¥ Million)

|         |                 | 年/決算月 (Fiscal Year) |                                 |              |               | 03/3         |               | 04/3         |               | 05/3         |               | 2006/3 (E) |       |       |
|---------|-----------------|---------------------|---------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|------------|-------|-------|
|         |                 | 営業収益比<br>(%)        |                                 | 営業収益比<br>(%) | 増減率<br>(yoy%) | 営業収益比<br>(%) | 増減率<br>(yoy%) | 営業収益比<br>(%) | 増減率<br>(yoy%) | 営業収益比<br>(%) | 増減率<br>(yoy%) |            |       |       |
| 業収益     | 御賦売掛金収益         |                     | Operating Revenue               | 102,392      | 100.0         | 111,575      | 100.0         | 121,972      | 9.0           | 100.0        | 9.3           | 133,600    | 100.0 | 9.5   |
|         | 総合転渡            |                     | Installment Receivable          | 22,933       | 22.4          | 23,592       | 21.1          | 26,267       | 2.9           | 21.5         | 11.3          | 28,834     | 21.6  | 9.8   |
|         | 個品転渡            |                     | Credit Card Shopping            | 7,866        | 7.7           | 8,136        | 7.3           | 9,090        | 3.4           | 7.5          | 11.7          | 9,808      | 7.3   | 7.9   |
|         | その他             |                     | Installment Sales Finance       | 14,846       | 14.5          | 15,346       | 13.8          | 17,120       | 3.4           | 14.0         | 11.6          | 18,985     | 14.2  | 10.9  |
|         | 営業貸付収益          |                     | Other                           | 219          | 0.2           | 110          | 0.1           | 55           | -49.8         | 0.0          | -50.0         | 39         | 0.0   | -29.1 |
|         | カードキャッシング       |                     | Loans (Cash Advance)            | 68,723       | 67.1          | 76,885       | 68.9          | 83,613       | 11.9          | 68.6         | 8.8           | 92,396     | 69.2  | 10.5  |
|         | キャッシングラザ        |                     | with Credit Card                | 41,840       | 40.9          | 45,853       | 41.1          | 47,817       | 9.6           | 39.2         | 4.3           | 50,823     | 38.0  | 6.3   |
|         | その他融資           |                     | with Loan Card (Life Play Card) | 26,831       | 26.2          | 30,982       | 27.8          | 35,747       | 15.5          | 29.3         | 15.4          | 41,537     | 31.1  | 16.2  |
|         | 信用保証            |                     | Other                           | 51           | 0.0           | 50           | 0.0           | 48           | -2.0          | 0.0          | -4.0          | 35         | 0.0   | -27.1 |
|         | 保証人保証           |                     | Guarantee                       | 3,622        | 3.5           | 3,842        | 3.4           | 4,044        | 6.1           | 3.3          | 5.3           | 4,403      | 3.3   | 8.9   |
| 業費用     | その他の金融収益        |                     | Other Financial Revenue         | 164          | 0.2           | 60           | 0.1           | 50           | -63.4         | 0.0          | -16.7         | 46         | 0.0   | -8.0  |
|         | その他の営業収益        |                     | Other Operating Revenue         | 6,949        | 6.8           | 7,194        | 6.4           | 7,995        | 3.5           | 6.6          | 11.1          | 7,919      | 5.9   | -1.0  |
|         | 償却価値回収額         |                     | Bad Debt Recovery               | 2,311        | 2.3           | 2,670        | 2.4           | 3,175        | 15.5          | 2.6          | 18.9          | 3,405      | 2.5   | 7.2   |
|         | その他の業務収入        |                     | Other                           | 4,638        | 4.5           | 4,523        | 4.1           | 4,819        | -2.5          | 4.0          | 6.5           | 4,513      | 3.4   | -6.3  |
|         | 営業費用            |                     | Operating Expenses              | 94,534       | 92.3          | 99,780       | 89.4          | 105,492      | 5.5           | 86.5         | 5.7           | 112,608    | 84.3  | 6.7   |
|         | 金融費用            |                     | Financial Expenses              | 5,592        | 5.5           | 6,426        | 5.8           | 6,897        | 14.9          | 5.7          | 7.3           | 8,094      | 6.1   | 17.4  |
|         | 貸倒関連費用          |                     | Credit Cost                     | 35,809       | 35.0          | 37,902       | 34.0          | 39,775       | 5.8           | 32.6         | 4.9           | 38,557     | 28.9  | -3.1  |
|         | その他の営業費用        |                     | Other Operating Expenses(SG&A)  | 53,132       | 51.9          | 55,451       | 49.7          | 58,819       | 4.4           | 48.2         | 6.1           | 65,956     | 49.4  | 12.1  |
|         | 広告宣伝費           |                     | Advertising Expenses            | 4,770        | 4.7           | 5,054        | 4.5           | 5,464        | 6.0           | 4.5          | 8.1           | 5,934      | 4.4   | 8.6   |
|         | 人件費             |                     | Salaries                        | 15,322       | 15.0          | 15,153       | 13.6          | 15,257       | -1.1          | 12.5         | 0.7           | 16,729     | 12.5  | 9.6   |
| 業利益     | その他             |                     | Other                           | 33,040       | 32.3          | 35,243       | 31.6          | 38,096       | 6.7           | 31.2         | 8.1           | 43,292     | 32.4  | 13.6  |
|         | 販売費             |                     | Sales Cost                      | 13,863       | 13.5          | 15,769       | 14.1          | 17,623       | 13.7          | 14.4         | 11.8          | 19,731     | 14.8  | 12.0  |
|         | システム費           |                     | System Cost                     | 9,546        | 9.3           | 10,164       | 9.1           | 10,698       | 6.5           | 8.8          | 5.3           | 12,561     | 9.4   | 17.4  |
|         | 施設費             |                     | Rent Cost                       | 3,800        | 3.7           | 3,798        | 3.4           | 3,500        | -0.1          | 2.9          | -7.8          | 4,530      | 3.4   | 29.4  |
|         | 管理費             |                     | Admin Cost                      | 5,828        | 5.7           | 5,511        | 4.9           | 6,274        | -5.4          | 5.1          | 13.8          | 6,468      | 4.8   | 3.1   |
|         | 営業利益            |                     | Operating Income                | 7,858        | 7.7           | 11,795       | 10.6          | 16,480       | 50.1          | 13.5         | 39.7          | 20,992     | 15.7  | 27.4  |
|         | 営業外利益           |                     | Non-operating Income            | 343          | 0.3           | 355          | 0.3           | 94           | 3.5           | 0.1          | -73.5         | 23         | 0.0   | -75.5 |
|         | 営業外費用           |                     | Non-operating Expenses          | 153          | 0.1           | 69           | 0.1           | 50           | -54.9         | 0.0          | -27.5         | 15         | 0.0   | -70.0 |
|         | 常利益             |                     | Ordinary Income                 | 8,048        | 7.9           | 12,081       | 10.8          | 16,524       | 50.1          | 13.5         | 36.8          | 21,000     | 15.7  | 27.1  |
|         | 特別利益            |                     | Extraordinary Income            | 210          | 0.2           | 4,277        | 3.8           | 217          | 1,936.7       | 0.2          | -94.9         | 120        | 0.1   | -44.7 |
| 引当利益(a) | 特別損失            |                     | Extraordinary Losses            | 2,943        | 2.9           | 6,159        | 5.5           | 885          | 109.3         | 0.7          | -85.6         | 66         | 0.0   | -92.5 |
|         | 法人税・住民税及び事業税(b) |                     | Income before Income Taxes(a)   | 5,314        | 5.2           | 10,198       | 9.1           | 15,856       | 91.9          | 13.0         | 55.5          | 21,053     | 15.8  | 32.8  |
|         | 法人税等調整額(c)      |                     | Income Taxes(b)                 | 164          | 0.2           | 218          | 0.2           | 225          | 32.9          | 0.2          | 3.2           | 240        | 0.2   | 6.7   |
|         | 明純利益            |                     | Effect of a Tax Consequences(c) | -3,999       | -3.9          | -6,151       | -5.5          | 4,952        | -             | 4.1          | -             | 8,547      | 6.4   | -     |
|         | 実質税率(b+c)/a     |                     | Net Income                      | 9,149        | 8.9           | 16,131       | 14.5          | 10,679       | 76.3          | 8.8          | -33.8         | 12,265     | 9.2   | 14.9  |
|         |                 | (%)                 | Real Tax Rate (b+c)/a           | -            | -             | -            | 32.7          | -            | -             | -            | 41.7          | -          | -     |       |

#### 4. ライフ資金調達状況 (Review of Funding / LIFE)

##### 業権ベース(Managed Asset Basis)

##### 形態別調達金額 (Amount of Borrowings by Type of Lender)

|             | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           |
|-------------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|
|             | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) |
| 借入金         |                     |         |         |           |                     |         |         |           |                     |         |         |           |                     |         |         |           |
| 都市銀行        | 221,161             | 263,730 | 346,077 | 346,379   | 221,161             | 263,730 | 346,077 | 346,379   | 221,161             | 263,730 | 346,077 | 346,379   | 221,161             | 263,730 | 346,077 | 346,379   |
| 長期信用銀行      | 14,349              | 1,000   | 4,500   | -         | 14,349              | 1,000   | 4,500   | -         | 14,349              | 1,000   | 4,500   | -         | 14,349              | 1,000   | 4,500   | -         |
| 信託銀行        | 15,049              | 21,722  | 28,375  | -         | 15,049              | 21,722  | 28,375  | -         | 15,049              | 21,722  | 28,375  | -         | 15,049              | 21,722  | 28,375  | -         |
| 地方銀行・第二地方銀行 | 14,466              | 25,697  | 39,470  | -         | 14,466              | 25,697  | 39,470  | -         | 14,466              | 25,697  | 39,470  | -         | 14,466              | 25,697  | 39,470  | -         |
| 系統金融機関      | 12,010              | 23,219  | 43,955  | -         | 12,010              | 23,219  | 43,955  | -         | 12,010              | 23,219  | 43,955  | -         | 12,010              | 23,219  | 43,955  | -         |
| 生命保険会社      | 2,128               | 20,534  | 34,167  | -         | 2,128               | 20,534  | 34,167  | -         | 2,128               | 20,534  | 34,167  | -         | 2,128               | 20,534  | 34,167  | -         |
| 損害保険会社      | 1,014               | 4,349   | 6,087   | -         | 1,014               | 4,349   | 6,087   | -         | 1,014               | 4,349   | 6,087   | -         | 1,014               | 4,349   | 6,087   | -         |
| その他         | 39,145              | 17,275  | 12,775  | -         | 39,145              | 17,275  | 12,775  | -         | 39,145              | 17,275  | 12,775  | -         | 39,145              | 17,275  | 12,775  | -         |
| シンジケートローン   | 9,000               | 99,000  | 119,000 | -         | 9,000               | 99,000  | 119,000 | -         | 9,000               | 99,000  | 119,000 | -         | 9,000               | 99,000  | 119,000 | -         |
| ファイナル       | 257,892             | 236,590 | 184,949 | 218,880   | 257,892             | 236,590 | 184,949 | 218,880   | 257,892             | 236,590 | 184,949 | 218,880   | 257,892             | 236,590 | 184,949 | 218,880   |
| CP・社債等      | 257,391             | 221,590 | 174,949 | -         | 257,391             | 221,590 | 174,949 | -         | 257,391             | 221,590 | 174,949 | -         | 257,391             | 221,590 | 174,949 | -         |
| 証券化         | 500                 | 5,000   | 10,000  | -         | 500                 | 5,000   | 10,000  | -         | 500                 | 5,000   | 10,000  | -         | 500                 | 5,000   | 10,000  | -         |
| CP          | -                   | -       | -       | -         | -                   | -       | -       | -         | -                   | -       | -       | -         | -                   | -       | -       | -         |
| 普通社債        | -                   | -       | -       | -         | -                   | -       | -       | -         | -                   | -       | -       | -         | -                   | -       | -       | -         |
| 合計          | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   |

会計ベース  
(On-Balance)

|             |         |        |
|-------------|---------|--------|
|             | 05/3    | 構成比(%) |
| 借入金         | 346,077 | 97.2   |
| 都市銀行        | 4,500   | 1.3    |
| 長期信用銀行      | 28,375  | 8.0    |
| 信託銀行        | 39,470  | 11.1   |
| 地方銀行・第二地方銀行 | 43,955  | 12.3   |
| 系統金融機関      | 34,167  | 9.6    |
| 生命保険会社      | 6,087   | 1.7    |
| 損害保険会社      | 2,942   | 0.8    |
| その他         | 54,806  | 15.4   |
| シンジケートローン   | 12,775  | 3.6    |
| ファイナル       | 119,000 | 33.4   |
| CP・社債等      | 10,000  | 2.8    |
| 証券化         | -       | -      |
| CP          | -       | -      |
| 普通社債        | 10,000  | 2.8    |
| 合計          | 356,077 | 100.0  |

##### 長期・短期別調達金額 (Short and Long-term Borrowings)

|                     | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           | 年/決算月 (Fiscal Year) |         |         |           |
|---------------------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|---------------------|---------|---------|-----------|
|                     | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) | 03/3                | 04/3    | 05/3    | 2006/3(E) |
| 短期調達                |                     |         |         |           |                     |         |         |           |                     |         |         |           |                     |         |         |           |
| 短期借入                | 37,260              | 53,320  | 56,240  | 54,000    | 37,260              | 53,320  | 56,240  | 54,000    | 37,260              | 53,320  | 56,240  | 54,000    | 37,260              | 53,320  | 56,240  | 54,000    |
| CP                  | 36,760              | 48,320  | 56,240  | -         | 36,760              | 48,320  | 56,240  | -         | 36,760              | 48,320  | 56,240  | -         | 36,760              | 48,320  | 56,240  | -         |
| 長期調達                |                     |         |         |           |                     |         |         |           |                     |         |         |           |                     |         |         |           |
| 固定金利借入              | 441,793             | 447,000 | 474,786 | 511,259   | 441,793             | 447,000 | 474,786 | 511,259   | 441,793             | 447,000 | 474,786 | 511,259   | 441,793             | 447,000 | 474,786 | 511,259   |
| 変動金利借入              | 4,219               | 24,202  | 46,365  | -         | 4,219               | 24,202  | 46,365  | -         | 4,219               | 24,202  | 46,365  | -         | 4,219               | 24,202  | 46,365  | -         |
| 債券等(固定)             | 180,182             | 191,207 | 243,472 | -         | 180,182             | 191,207 | 243,472 | -         | 180,182             | 191,207 | 243,472 | -         | 180,182             | 191,207 | 243,472 | -         |
| 普通社債                | 38,520              | 81,664  | 98,204  | -         | 38,520              | 81,664  | 98,204  | -         | 38,520              | 81,664  | 98,204  | -         | 38,520              | 81,664  | 98,204  | -         |
| 証券化                 | -                   | 10,000  | 10,000  | -         | -                   | 10,000  | 10,000  | -         | -                   | 10,000  | 10,000  | -         | -                   | 10,000  | 10,000  | -         |
| ABS                 | 38,520              | 71,664  | 88,204  | -         | 38,520              | 71,664  | 88,204  | -         | 38,520              | 71,664  | 88,204  | -         | 38,520              | 71,664  | 88,204  | -         |
| ABS (Floating Bond) | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         |
| 証券化                 | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         | 218,871             | 149,926 | 86,744  | -         |
| With Cap            | 218,871             | 139,926 | 86,744  | -         | 218,871             | 139,926 | 86,744  | -         | 218,871             | 139,926 | 86,744  | -         | 218,871             | 139,926 | 86,744  | -         |
| 合計                  | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   | 479,053             | 500,320 | 531,026 | 565,259   |

※開始年月日が未到来のキャップ・スワップはございません。

##### 調達金利 (Funding Rate)

|      | 年/決算月 (Fiscal Year) |      |      |           | 年/決算月 (Fiscal Year) |      |      |           | 年/決算月 (Fiscal Year) |      |      |           | 年/決算月 (Fiscal Year) |      |      |           |
|------|---------------------|------|------|-----------|---------------------|------|------|-----------|---------------------|------|------|-----------|---------------------|------|------|-----------|
|      | 03/3                | 04/3 | 05/3 | 2006/3(E) | 03/3                | 04/3 | 05/3 | 2006/3(E) | 03/3                | 04/3 | 05/3 | 2006/3(E) | 03/3                | 04/3 | 05/3 | 2006/3(E) |
| 調達金利 | 1.37                | 1.44 | 1.46 | 1.47      | 1.37                | 1.44 | 1.46 | 1.47      | 1.37                | 1.44 | 1.46 | 1.47      | 1.37                | 1.44 | 1.46 | 1.47      |
| 間接   | 2.14                | 2.02 | 1.77 | 1.86      | 2.14                | 2.02 | 1.77 | 1.86      | 2.14                | 2.02 | 1.77 | 1.86      | 2.14                | 2.02 | 1.77 | 1.86      |
| 直接   | 0.70                | 0.80 | 0.87 | 0.86      | 0.70                | 0.80 | 0.87 | 0.86      | 0.70                | 0.80 | 0.87 | 0.86      | 0.70                | 0.80 | 0.87 | 0.86      |

※調達金利 = 未約定ベース平均表面金利 ※Funding Rate = Interest Rate / Average Borrowing

##### 【参考】

|           |      |      |      |      |
|-----------|------|------|------|------|
| 長期プライムレート | 1.50 | 1.65 | 1.65 | 2.00 |
|-----------|------|------|------|------|

注: ライフのデータのうち、「営業権ベース」と記されている数値については、債権流動化により会計上はバランシートから落ちている営業権を含めた、「社内管理用の参考数値」です。

Note: The data currently described as "Managed asset basis" among the data of a Life is the pro forma amount in which the accounts top also included the operating assets excepted from balance sheet by securitization.

# 15. ライフ顧客属性 (Customer Profile / LIFE)

(1) クレジットカード (Credit Card)

1) 性別 (Sex)

(千件 / Thousand)

| 年 / 決算月 (Fiscal Year)       |             | 03/3    |         | 04/3    |         | 05/3    |         |
|-----------------------------|-------------|---------|---------|---------|---------|---------|---------|
|                             | 性別 (Sex)    | 構成比 (%) |         | 構成比 (%) |         | 構成比 (%) |         |
|                             |             | 件数      | 構成比 (%) | 件数      | 構成比 (%) | 件数      | 構成比 (%) |
| 新規顧客<br>(New Accounts)      | 男性 (Male)   | 1,244   | 60.2    | 1,390   | 65.2    | 1,325   | 63.6    |
|                             | 女性 (Female) | 823     | 39.8    | 741     | 34.8    | 757     | 36.4    |
|                             | 合計 (Total)  | 2,068   | 100.0   | 2,131   | 100.0   | 2,083   | 100.0   |
| 既存顧客<br>(Existing Accounts) | 男性 (Male)   | 5,454   | 55.8    | 6,231   | 56.9    | 6,826   | 57.6    |
|                             | 女性 (Female) | 4,324   | 44.2    | 4,726   | 43.1    | 5,029   | 42.4    |
|                             | 合計 (Total)  | 9,778   | 100.0   | 10,957  | 100.0   | 11,856  | 100.0   |

2) 年齢別 (Age)

(千件 / Thousand)

| 年 / 決算月 (Fiscal Year)       |            | 03/3    |         | 04/3    |         | 05/3    |         |
|-----------------------------|------------|---------|---------|---------|---------|---------|---------|
|                             | (才 / Age)  | 構成比 (%) |         | 構成比 (%) |         | 構成比 (%) |         |
|                             |            | 件数      | 構成比 (%) | 件数      | 構成比 (%) | 件数      | 構成比 (%) |
| 新規顧客<br>(New Accounts)      | 19 ~ 29    | 5       | 0.3     | 5       | 0.3     | 5       | 0.3     |
|                             | 30 ~ 39    | 238     | 11.5    | 266     | 12.5    | 267     | 12.9    |
|                             | 40 ~ 49    | 371     | 17.9    | 431     | 20.3    | 407     | 19.6    |
|                             | 50 ~ 59    | 445     | 21.5    | 480     | 22.6    | 444     | 21.4    |
|                             | 60 ~ 69    | 513     | 24.8    | 493     | 23.1    | 471     | 22.7    |
|                             | 合計 (Total) | 2,068   | 100.0   | 2,131   | 100.0   | 2,083   | 100.0   |
| 既存顧客<br>(Existing Accounts) | 19 ~ 29    | 6       | 0.1     | 5       | 0.1     | 6       | 0.1     |
|                             | 30 ~ 39    | 1,026   | 10.5    | 985     | 9.0     | 944     | 8.0     |
|                             | 40 ~ 49    | 2,156   | 22.0    | 2,332   | 21.3    | 2,397   | 20.2    |
|                             | 50 ~ 59    | 2,274   | 23.3    | 2,544   | 23.2    | 2,726   | 23.0    |
|                             | 60 ~ 69    | 2,351   | 24.0    | 2,688   | 24.5    | 2,979   | 25.1    |
|                             | 合計 (Total) | 9,778   | 100.0   | 10,957  | 100.0   | 11,856  | 100.0   |

(2) ライフキャッシュプラザ (LIFE Cash Plaza)

1) 性別 (Sex)

(千件 / Thousand)

| 年 / 決算月 (Fiscal Year)       |             | 03/3    |         | 04/3    |         | 05/3    |         |
|-----------------------------|-------------|---------|---------|---------|---------|---------|---------|
|                             | 性別 (Sex)    | 構成比 (%) |         | 構成比 (%) |         | 構成比 (%) |         |
|                             |             | 件数      | 構成比 (%) | 件数      | 構成比 (%) | 件数      | 構成比 (%) |
| 新規顧客<br>(New Accounts)      | 男性 (Male)   | 53      | 57.6    | 48      | 57.5    | 57      | 58.9    |
|                             | 女性 (Female) | 39      | 42.4    | 35      | 42.5    | 39      | 41.1    |
|                             | 合計 (Total)  | 92      | 100.0   | 84      | 100.0   | 96      | 100.0   |
| 既存顧客<br>(Existing Accounts) | 男性 (Male)   | 163     | 55.3    | 177     | 54.9    | 199     | 55.0    |
|                             | 女性 (Female) | 132     | 44.7    | 145     | 45.1    | 163     | 45.0    |
|                             | 合計 (Total)  | 295     | 100.0   | 323     | 100.0   | 363     | 100.0   |

2) 年齢別 (Age)

(千件 / Thousand)

| 年 / 決算月 (Fiscal Year)       |            | 03/3    |         | 04/3    |         | 05/3    |         |
|-----------------------------|------------|---------|---------|---------|---------|---------|---------|
|                             | (才 / Age)  | 構成比 (%) |         | 構成比 (%) |         | 構成比 (%) |         |
|                             |            | 件数      | 構成比 (%) | 件数      | 構成比 (%) | 件数      | 構成比 (%) |
| 新規顧客<br>(New Accounts)      | 20 ~ 29    | 19      | 20.4    | 17      | 21.3    | 19      | 20.6    |
|                             | 30 ~ 39    | 25      | 27.5    | 23      | 28.1    | 26      | 27.8    |
|                             | 40 ~ 49    | 23      | 24.6    | 20      | 24.3    | 23      | 24.7    |
|                             | 50 ~ 59    | 18      | 19.8    | 15      | 18.7    | 18      | 18.9    |
|                             | 60 ~ 69    | 7       | 7.6     | 6       | 7.6     | 7       | 8.0     |
|                             | 合計 (Total) | 92      | 100.0   | 84      | 100.0   | 96      | 100.0   |
| 既存顧客<br>(Existing Accounts) | 20 ~ 29    | 37      | 12.5    | 39      | 12.2    | 42      | 11.7    |
|                             | 30 ~ 39    | 84      | 28.5    | 89      | 27.8    | 97      | 26.9    |
|                             | 40 ~ 49    | 76      | 25.7    | 83      | 25.8    | 94      | 26.2    |
|                             | 50 ~ 59    | 70      | 23.6    | 76      | 23.6    | 86      | 23.8    |
|                             | 60 ~ 69    | 28      | 9.6     | 34      | 10.6    | 41      | 11.4    |
|                             | 合計 (Total) | 295     | 100.0   | 323     | 100.0   | 363     | 100.0   |

# 16. ライフ貸倒&不良債権 (Credit Cost & NPL's / LIFE)

(1) 営業債権ベース／年間比較 (Write-off / Balance / YOY%)

|           |     | 年/決算月 (Fiscal Year)  |                              |                      |                              |                      |                              |                      |                              |                      |                              | 2006/3(E)            |                              |                              |
|-----------|-----|----------------------|------------------------------|----------------------|------------------------------|----------------------|------------------------------|----------------------|------------------------------|----------------------|------------------------------|----------------------|------------------------------|------------------------------|
|           |     | 03/3                 |                              | 04/3                 |                              | 05/3                 |                              | 06/3                 |                              | 07/3                 |                              | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却率(%)<br>(Write offs ratio) |
| 合計        |     | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 償却率(%)<br>(Write offs ratio) | 償却率(%)<br>(Write offs ratio) |
| カード       | 増減率 | 30,190               | 4.47                         | 35,566               | 5.06                         | 36,658               | 5.06                         | 38,620               | 5.06                         | 38,620               | 5.06                         | 38,620               | 5.06                         | 4.83                         |
|           | 増減率 | 25.0                 |                              | 17.8                 |                              | 3.1                  |                              | 5.4                  |                              | 5.4                  |                              | 5.4                  |                              |                              |
| カード       | 増減率 | 11,025               | 4.30                         | 15,236               | 5.55                         | 15,257               | 5.55                         | 15,513               | 5.55                         | 15,513               | 5.55                         | 15,513               | 5.55                         | 5.03                         |
|           | 増減率 | 35.0                 |                              | 38.2                 |                              | 0.1                  |                              | 1.7                  |                              | 1.7                  |                              | 1.7                  |                              |                              |
| 総合貸倒      | 増減率 | 2,337                | 3.65                         | 2,412                | 3.37                         | 2,115                | 3.37                         | 2,083                | 3.37                         | 2,083                | 3.37                         | 2,083                | 3.37                         | 2.49                         |
|           | 増減率 | 8,688                | 4.52                         | 12,823               | 6.32                         | 13,141               | 6.32                         | 13,430               | 6.32                         | 13,430               | 6.32                         | 13,430               | 6.32                         | 5.98                         |
| 個人貸倒      | 増減率 | 5,229                | 3.06                         | 6,067                | 3.45                         | 4,994                | 3.45                         | 5,539                | 3.45                         | 5,539                | 3.45                         | 5,539                | 3.45                         | 2.62                         |
|           | 増減率 | -1.5                 |                              | 16.0                 |                              | -17.7                |                              | 10.9                 |                              | 10.9                 |                              | 10.9                 |                              | 7.42                         |
| ライフキャッシング | 増減率 | 6,432                | 5.47                         | 10,570               | 7.80                         | 11,445               | 7.80                         | 13,117               | 7.80                         | 13,117               | 7.80                         | 13,117               | 7.80                         | 2.81                         |
|           | 増減率 | 62.9                 |                              | 64.3                 |                              | 8.3                  |                              | 14.6                 |                              | 14.6                 |                              | 14.6                 |                              | 2.55                         |
| 信用保証      | 増減率 | 3,133                | 3.68                         | 2,342                | 3.14                         | 1,967                | 3.14                         | 1,947                | 3.14                         | 1,947                | 3.14                         | 1,947                | 3.14                         | 2.81                         |
|           | 増減率 | -30.8                |                              | -25.3                |                              | -16.0                |                              | -1.0                 |                              | -1.0                 |                              | -1.0                 |                              | 2.55                         |
| 住宅        | 増減率 | 2,055                | 4.51                         | 522                  | 1.26                         | 1,266                | 1.26                         | 846                  | 1.26                         | 846                  | 1.26                         | 846                  | 1.26                         | 2.55                         |
|           | 増減率 | 50.2                 |                              | -74.6                |                              | 142.8                |                              | -33.2                |                              | -33.2                |                              | -33.2                |                              | 2.55                         |
| その他       | 増減率 | 2,316                | 412.09                       | 830                  | -                            | 1,728                | -                            | 1,656                | -                            | 1,656                | -                            | 1,656                | -                            | -                            |
|           | 増減率 | 175.0                |                              | -64.2                |                              | 108.3                |                              | -4.2                 |                              | -4.2                 |                              | -4.2                 |                              | -                            |
| カード事故     | 増減率 |                      | -                            | 772                  | -                            | 1,159                | -                            | 1,086                | -                            | 1,086                | -                            | 1,086                | -                            | -                            |
|           | 増減率 |                      | -                            | 32                   | -                            | 526                  | -                            | 540                  | -                            | 540                  | -                            | 540                  | -                            | -                            |
| 加盟店未精算金   | 増減率 |                      | -                            | 26                   | -                            | 42                   | -                            | 28                   | -                            | 28                   | -                            | 28                   | -                            | -                            |
|           | 増減率 |                      | -                            |                      | -                            |                      | -                            |                      | -                            |                      | -                            |                      | -                            | -                            |

(2) 買上金額ベース／年間比較 (Write-off / Transaction Volume / YOY%)

|      |     | 年/決算月 (Fiscal Year) |                              |                 |                              |                 |                              |                 |                              |                 |                              | 2006/3(E)       |                              |                              |
|------|-----|---------------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|------------------------------|
|      |     | 03/3                |                              | 04/3            |                              | 05/3            |                              | 06/3            |                              | 07/3            |                              | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 償却率(%)<br>(Write offs ratio) |
| 合計   |     | 買上額<br>(Volume)     | 償却率(%)<br>(Write offs ratio) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 償却率(%)<br>(Write offs ratio) |
| 総合貸倒 | 増減率 | 2,337               | 0.85                         | 2,412           | 0.76                         | 2,115           | 0.76                         | 2,083           | 0.76                         | 2,083           | 0.76                         | 2,083           | 0.76                         | 0.50                         |
|      | 増減率 | 274,479             |                              | 318,115         |                              | 373,130         |                              | 419,629         |                              | 419,629         |                              | 419,629         |                              | 0.50                         |

注：ライフのデータのうち、「営業債権ベース」と記されている数値は、営業債権ベースから落ちている営業債権をも含めた、「社内管理用の参考数値」です。

Note: The data currently described as "Managed asset basis" among the data of a Life is the pro forma amount in which the accounts top also included the operating assets excepted from balance sheet by securitization.

6. ライフ貸倒&不良債権 (Credit Cost & NPL's / LIFE)

営業債権ベース／半期比較 (Write-off / Balance / YTD%)

|          |                                      | 年/決算月 (Fiscal Year)  |                   |                              |                      |                   |                              |                      |                   |                              |                      |                   |                              | (百万円/ ¥ Million) |  |  |  |  |  |  |  |  |  |  |  |
|----------|--------------------------------------|----------------------|-------------------|------------------------------|----------------------|-------------------|------------------------------|----------------------|-------------------|------------------------------|----------------------|-------------------|------------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|
|          |                                      | 03/9 (6M)            |                   |                              | 04/3 (6M)            |                   |                              | 04/9 (6M)            |                   |                              | 05/3 (6M)            |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | 年/決算月 (Fiscal Year)                  | 償却金額<br>(Write offs) | 債権残高<br>(Balance) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 債権残高<br>(Balance) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 債権残高<br>(Balance) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 債権残高<br>(Balance) | 償却率(%)<br>(Write offs ratio) |                  |  |  |  |  |  |  |  |  |  |  |  |
|          |                                      |                      |                   |                              |                      |                   |                              |                      |                   |                              |                      |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 合計       | Total                                | 19,559               | 688,739           | 2.84                         | 16,007               | 702,202           | 2.28                         | 19,668               | 729,082           | 2.70                         | 16,990               | 751,553           | 2.26                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| カード      | Card                                 | 8,117                | 268,210           | 3.03                         | 7,119                | 274,328           | 2.59                         | 7,699                | 283,038           | 2.72                         | 7,558                | 288,923           | 2.62                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | 41.0                 |                   |                              | -12.3                |                   |                              | 8.1                  |                   |                              | -8.0                 |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 総合貸倒     | Shopping                             | 1,354                | 68,933            | 1.96                         | 1,058                | 71,509            | 1.48                         | 1,161                | 74,636            | 1.56                         | 954                  | 79,622            | 1.20                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| キャッシュ    | Cashing                              | 6,762                | 199,277           | 3.39                         | 6,061                | 202,820           | 2.99                         | 6,538                | 208,402           | 3.14                         | 6,603                | 209,300           | 3.16                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 個品貸倒     | Installment Sales Finance            | 3,991                | 171,041           | 2.33                         | 2,077                | 175,636           | 1.18                         | 2,802                | 187,363           | 1.50                         | 2,192                | 197,123           | 1.11                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | 59.6                 |                   |                              | -48.0                |                   |                              | 34.9                 |                   |                              | -52.6                |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| ライフキャッシュ | Loan Card (Life Play Card)           | 5,408                | 125,050           | 4.32                         | 5,163                | 135,543           | 3.81                         | 5,634                | 147,029           | 3.83                         | 5,811                | 157,630           | 3.69                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | 49.9                 |                   |                              | -4.5                 |                   |                              | 9.1                  |                   |                              | -0.9                 |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 信用保証     | Guarantee                            | 1,665                | 80,450            | 2.07                         | 677                  | 74,689            | 0.91                         | 1,113                | 72,479            | 1.54                         | 854                  | 70,484            | 1.21                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | 49.8                 |                   |                              | -59.3                |                   |                              | 64.4                 |                   |                              | -80.4                |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 住宅       | Home Loan                            | 124                  | 43,167            | 0.29                         | 398                  | 41,525            | 0.96                         | 1,071                | 38,779            | 2.76                         | 195                  | 37,042            | 0.53                         |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | -90.9                |                   |                              | 221.7                |                   |                              | 169.0                |                   |                              | -26.3                |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| その他      | Other                                | 255                  | 821               | -                            | 574                  | 480               | -                            | 1,350                | 394               | -                            | 377                  | 349               | -                            |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率    | YTD%                                 | -85.4                |                   |                              | 124.9                |                   |                              | 135.2                |                   |                              | -72.0                |                   |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| カード事故    | Fraudulent Use of Credit Card        | 228                  | -                 | -                            | 544                  | -                 | -                            | 967                  | -                 | -                            | 192                  | -                 | -                            |                  |  |  |  |  |  |  |  |  |  |  |  |
| 加盟店未精算金  | Loss from Member Merchant Fraudulent | 10                   | -                 | -                            | 22                   | -                 | -                            | 371                  | -                 | -                            | 155                  | -                 | -                            |                  |  |  |  |  |  |  |  |  |  |  |  |
| その他      | Other                                | 17                   | -                 | -                            | 9                    | -                 | -                            | 13                   | -                 | -                            | 29                   | -                 | -                            |                  |  |  |  |  |  |  |  |  |  |  |  |

1) 買上金額ベース／半期比較 (Write-off / Transaction Volume / YTD%)

|       |                     | 年/決算月 (Fiscal Year)  |                 |                              |                      |                 |                              |                      |                 |                              |                      |                 |                              | (百万円/ ¥ Million) |  |  |  |  |  |  |  |  |  |  |  |
|-------|---------------------|----------------------|-----------------|------------------------------|----------------------|-----------------|------------------------------|----------------------|-----------------|------------------------------|----------------------|-----------------|------------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|
|       |                     | 03/9 (6M)            |                 |                              | 04/3 (6M)            |                 |                              | 04/9 (6M)            |                 |                              | 05/3 (6M)            |                 |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 半期増減率 | 年/決算月 (Fiscal Year) | 償却金額<br>(Write offs) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) | 償却金額<br>(Write offs) | 買上額<br>(Volume) | 償却率(%)<br>(Write offs ratio) |                  |  |  |  |  |  |  |  |  |  |  |  |
|       |                     |                      |                 |                              |                      |                 |                              |                      |                 |                              |                      |                 |                              |                  |  |  |  |  |  |  |  |  |  |  |  |
| 総合貸倒  | Shopping            | 1,354                | 151,159         | 0.90                         | 1,058                | 166,956         | 0.63                         | 1,160                | 176,482         | 0.66                         | 954                  | 196,648         | 0.49                         |                  |  |  |  |  |  |  |  |  |  |  |  |

# 17. ライフ利回り (Average Yield / LIFE)

## (5) 営業債権ベース(Managed Asset Basis)

| 年/決算月 (Fiscal Year) |                                 | 03/3     |     | 04/3     |      | 05/3     |      | 2006/3 (E) |      |
|---------------------|---------------------------------|----------|-----|----------|------|----------|------|------------|------|
|                     |                                 | 増減数(yoy) |     | 増減率(yoy) |      | 増減数(yoy) |      | 増減率(yoy)   |      |
| 合計                  | Total                           | 15.0     | 2.8 | 16.4     | 1.4  | 16.9     | 0.5  | 17.4       | 0.5  |
| 割賦売掛金収益             | Installment Receivable          | 10.0     | 1.5 | 9.5      | -0.5 | 9.8      | 0.3  | 10.0       | 0.1  |
| 総合軒旋                | Credit Card Shopping            | 12.7     | 1.1 | 11.7     | -0.9 | 11.8     | 0.1  | 12.3       | 0.5  |
| 個品軒旋                | Installment Sales Finance       | 8.9      | 1.8 | 9.2      | 0.3  | 9.5      | 0.3  | 9.4        | -0.1 |
| 営業貸付収益              | Loans (Cash Advance)            | 24.8     | 1.8 | 24.3     | -0.4 | 24.0     | -0.3 | 24.2       | 0.2  |
| カードキャッシング           | with Credit Card                | 24.0     | 2.0 | 23.8     | -0.3 | 23.4     | -0.4 | 23.8       | 0.4  |
| キャッシングラサ            | with Loan Card (Life Play Card) | 26.3     | 1.1 | 25.4     | -0.9 | 24.9     | -0.5 | 24.9       | 0.0  |
| 信用保証                | Guarantee                       | 2.8      | 0.4 | 3.4      | 0.6  | 4.0      | 0.6  | 4.6        | 0.7  |

# 18. 銀行保証事業 (Bank Loan Guarantee/AIFUL & LIFE)

## (1) アイフル(AIFUL)

| 年/決算月 (Fiscal Year) |                      | 03/3      |       | 04/3      |       | 05/3      |       |
|---------------------|----------------------|-----------|-------|-----------|-------|-----------|-------|
|                     |                      | 増減率(yoy%) |       | 増減率(yoy%) |       | 増減率(yoy%) |       |
| 保証残高                | Loans                | 10,791    | 293.0 | 27,316    | 153.1 | 43,180    | 58.1  |
| 個人保証                | Personal loans       | 10,491    | 282.0 | 25,958    | 147.4 | 35,267    | 35.9  |
| 提携先金融機関             | Tie-up Banks         | 21        | 16    | 32        | 11    | 41        | 9     |
| 事業者保証               | Small business loans | 300       | -     | 1,358     | 352.7 | 7,912     | 482.6 |
| 提携先金融機関             | Tie-up Banks         | 3         | -     | 7         | 4     | 32        | 25    |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease  
 ※ 03/3の事業者保証残高には、ビジネスの保証残高を含んでおりません。(個別決算短信には含む)

## (2) ライフ(LIFE)

| 年/決算月 (Fiscal Year) |                    | 03/3      |       | 04/3      |       | 05/3      |       |
|---------------------|--------------------|-----------|-------|-----------|-------|-----------|-------|
|                     |                    | 増減率(yoy%) |       | 増減率(yoy%) |       | 増減率(yoy%) |       |
| 保証残高                | Loans              | 69,290    | 0.0   | 67,919    | -2.0  | 65,305    | -3.8  |
| 新型商品                | High Yield Product | 13,244    | 382.5 | 19,590    | 47.9  | 24,046    | 22.7  |
| 提携先機関               | Tie-up Banks       | 34        | 21    | 65        | 31    | 103       | 38    |
| 旧型商品                | Low Yield Product  | 56,046    | -15.8 | 48,329    | -13.8 | 41,258    | -14.6 |
| 提携先機関               | Tie-up Banks       | 41        | 0     | 41        | 0     | 35        | -6    |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

# 19. 事業者ローン2社の営業指標 (Review of Operation / Small Business Loan Subsidiaries)

営業権ベース (Managed Asset Basis)

(1) ビジネスクスト (Businext / JV with Sumitomo Trust & Banking started April 2001)

| 年/決算月 (Fiscal Year) |       | 03/3                   |              | 04/3       |      | 05/3       |      | 2006/3 (E) |      |
|---------------------|-------|------------------------|--------------|------------|------|------------|------|------------|------|
|                     |       | 増減率 (yoY%)             |              | 増減率 (yoY%) |      | 増減率 (yoY%) |      | 増減率 (yoY%) |      |
| 営業貸付金残高             | (百万円) | Loans Outstanding      | (¥ Million)  | 27,591     | 79.2 | 47,622     | 72.6 | 69,516     | 46.0 |
| 口座数                 | (千件)  | Customer Accounts      | (Thousand)   | 22         | 77.9 | 32         | 42.7 | 43         | 34.4 |
| 一口座当たり残高            | (千円)  | Per Account            | (¥ Thousand) | 1,203      | 0.8  | 1,455      | 20.9 | 1,592      | 9.4  |
| 新規顧客件数              | (千件)  | New Accounts           | (Thousand)   | 12         | 47.4 | 13         | 6.8  | 15         | 15.4 |
| 平均名目金利 ※            | (%)   | Average interest rate  | (%)          | 15.3       | -0.1 | 15.1       | -0.2 | 15.0       | -0.1 |
| 貸倒償却率               | (%)   | Write off Ratio        | (%)          | 3.6        | 1.0  | 3.3        | -0.3 | 3.7        | 0.4  |
| 営業店舗数               | (店)   | Loan Business Branches |              | 2          | -1   | 4          | 2    | 7          | 3    |
| 有入店舗                |       | Staffed                |              | 2          | -1   | 4          | 2    | 7          | 3    |
| 無人店舗                |       | Unstaffed              |              | -          | -    | -          | -    | -          | -    |
| 社員数                 | (人)   | Number of Employees    |              | 57         | 10   | 65         | 8    | 95         | 30   |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

(2) シティズ (City's / Acquisition : Oct 2002)

| 年/決算月 (Fiscal Year) |       | 03/3                   |              | 04/3       |      | 05/3       |       | 2006/3 (E) |      |
|---------------------|-------|------------------------|--------------|------------|------|------------|-------|------------|------|
|                     |       | 増減率 (yoY%)             |              | 増減率 (yoY%) |      | 増減率 (yoY%) |       | 増減率 (yoY%) |      |
| 営業貸付金残高             | (百万円) | Loans Outstanding      | (¥ Million)  | 31,214     | 7.0  | 45,673     | 46.3  | 70,039     | 53.3 |
| 口座数                 | (千件)  | Customer Accounts      | (Thousand)   | 15         | 1.4  | 21         | 36.2  | 31         | 47.6 |
| 一口座当たり残高            | (千円)  | Per Account            | (¥ Thousand) | 2,014      | 5.5  | 2,163      | 7.4   | 2,230      | 3.1  |
| 新規顧客件数              | (千件)  | New Accounts           | (Thousand)   | 4          | -    | 9          | 107.7 | 15         | 66.7 |
| 平均名目金利 ※            | (%)   | Average interest rate  | (%)          | 27.4       | -0.6 | 27.2       | -0.2  | 26.6       | -2.2 |
| 貸倒償却率               | (%)   | Write off Ratio        | (%)          | 1.6        | -3.4 | 1.6        | 0.0   | 1.3        | -0.3 |
| 営業店舗数               | (店)   | Loan Business Branches |              | 38         | 1    | 50         | 12    | 63         | 13   |
| 有入店舗                |       | Staffed                |              | 38         | 1    | 50         | 12    | 63         | 13   |
| 無人店舗                |       | Unstaffed              |              | -          | -    | -          | -     | -          | -    |
| 社員数                 | (人)   | Number of Employees    |              | 446        | -15  | 762        | 316   | 972        | 210  |

注) 斜体数値は増減数 Notes: Italic Font = Increase or Decrease

※ アイフル単体の実質平均利回りは、営業貸付金利息 / ((期初残高 + 期末残高) ÷ 2) より算出しておりますが、子会社においては、平均名目金利 (契約金利の平均) で掲載しております。

20. 消費者金融グループ会社の営業指標 (Review of Operation / Consumer Finance Subsidiaries)

営業債権ベース (Managed Asset Basis)

(1) トライト (Tryto / Merged : April 2004) ※1

| 年/決算月 (Fiscal Year) |       | 03/3      |  | 04/3      |  | 05/3      |  | 2006/3(E) |  |
|---------------------|-------|-----------|--|-----------|--|-----------|--|-----------|--|
|                     |       | 増減率(yoy%) |  | 増減率(yoy%) |  | 増減率(yoy%) |  | 増減率(yoy%) |  |
| 営業貸付金残高             | (百万円) | 65,719    |  | 58,355    |  | 58,121    |  | 64,937    |  |
| 口座数                 | (千件)  | 196       |  | 175       |  | 165       |  | 173       |  |
| 一口座当たり残高            | (千円)  | 334       |  | 332       |  | 350       |  | 373       |  |
| 新規顧客件数              | (千件)  | 51        |  | 23        |  | 35        |  | 40        |  |
| 平均名目金利 ※4           | (%)   | -         |  | -         |  | 29.0      |  | 28.8      |  |
| 貸倒償却率               | (%)   | -         |  | 14.7      |  | 12.3      |  | 10.1      |  |
| 営業店舗数               | (店)   | 110       |  | 107       |  | 100       |  | 108       |  |
| 有入店舗                |       | 50        |  | 50        |  | 48        |  | 56        |  |
| 無人店舗                |       | 60        |  | 57        |  | 52        |  | 52        |  |
| 社員数                 | (人)   | 302       |  | 278       |  | 252       |  | 293       |  |

※1 2004年4月に、ハッピークレジット、信和、山崎信販を合併し、トライトとして事業開始の為、2004年3月期以前のデータは3社の合算値となります。

※4 アイフル単体の実質平均利回りは、営業貸付金利息/(期初残高+期末残高)÷2より算出しておりますが、子会社においては、平均名目金利(契約金利の平均)で掲載しております。

注) 斜体数値は増減率 Notes: Italic Font = Increase or Decrease

(2) ワイド (Wide / Acquisition : June 2004) ※2

| 年/決算月 (Fiscal Year) |       | 05/3      |  | 2006/3(E) |  |
|---------------------|-------|-----------|--|-----------|--|
|                     |       | 増減率(yoy%) |  | 増減率(yoy%) |  |
| 営業貸付金残高             | (百万円) | 95,345    |  | 102,658   |  |
| 口座数                 | (千件)  | 204       |  | 231       |  |
| 一口座当たり残高            | (千円)  | 466       |  | 444       |  |
| 新規顧客件数              | (千件)  | 52        |  | 67        |  |
| 平均名目金利 ※4           | (%)   | 28.9      |  | 28.8      |  |
| 貸倒償却率               | (%)   | 10.3      |  | 7.2       |  |
| 営業店舗数               | (店)   | 293       |  | 294       |  |
| 有入店舗                |       | 33        |  | 34        |  |
| 無人店舗                |       | 260       |  | 260       |  |
| 社員数                 | (人)   | 358       |  | 486       |  |

※2 2004年6月30日に完全子会社化しておりますが、2004年4月1日をみなし取得日としていることから、2004年4月からの実績となります。

※4 アイフル単体の実質平均利回りは、営業貸付金利息/(期初残高+期末残高)÷2より算出しておりますが、子会社においては、平均名目金利(契約金利の平均)で掲載しております。

注) 斜体数値は増減率。ワイドのデータのうち、「営業債権ベース」と記されている数値につきましては、債権流動化により会計上はバランシートから落ちている営業債権をも含めた、「社内管理用の参考数値」です。

Notes: Italic Font = Increase or Decrease The data currently described as "Managed asset basis" among the data of a Life is the pro forma amount in which the accounts top also included the operating assets excepted from balance sheet by securitization.

(3) ティーシーエム (TCM / Acquisition : Feb 2005) ※3

| 年/決算月 (Fiscal Year) |       | 05/3      |  | 2006/3(E) |  |
|---------------------|-------|-----------|--|-----------|--|
|                     |       | 増減率(yoy%) |  | 増減率(yoy%) |  |
| 営業貸付金残高             | (百万円) | 9,212     |  | 9,647     |  |
| 口座数                 | (千件)  | 26        |  | 26        |  |
| 一口座当たり残高            | (千円)  | 343       |  | 370       |  |
| 新規顧客件数              | (千件)  | -         |  | 3         |  |
| 平均名目金利 ※4           | (%)   | -         |  | -         |  |
| 貸倒償却率               | (%)   | -         |  | 8.6       |  |
| 営業店舗数               | (店)   | 27        |  | 27        |  |
| 有入店舗                |       | 10        |  | 10        |  |
| 無人店舗                |       | 17        |  | 17        |  |
| 社員数                 | (人)   | 44        |  | 50        |  |

※3 2005年2月21日に完全子会社化しておりますが、2005年3月31日をみなし取得日としています。なお、2005年3月期は貸借対照表のみの連結となっております。

※4 アイフル単体の実質平均利回りは、営業貸付金利息/(期初残高+期末残高)÷2より算出しておりますが、子会社においては、平均名目金利(契約金利の平均)で掲載しております。

注) 斜体数値は増減率 Notes: Italic Font = Increase or Decrease

## 21. 事業者ローン2社の損益の内訳 (Revenue and Expenses / Small Business Loan Subsidiaries)

(1) ビジネスネット (Business / JV with Sumitomo Trust & Banking started April 2001)

(百万円/¥ Million)

| 年/決算月 (Fiscal Year) | 03/3    |          | 04/3    |       | 05/3    |       | 2006/3 (E) |       |
|---------------------|---------|----------|---------|-------|---------|-------|------------|-------|
|                     | 増減率 (%) |          | 増減率 (%) |       | 増減率 (%) |       | 増減率 (%)    |       |
| 営業収益                |         |          |         |       |         |       |            |       |
| 営業貸付金利息             | 1,749   | 377.6    | 3,014   | 72.3  | 5,445   | 100.0 | 8,517      | 100.0 |
| その他                 | 1,748   | 377.6    | 3,002   | 71.7  | 5,426   | 99.7  | 8,480      | 99.6  |
| 営業費用                |         |          |         |       |         |       |            |       |
| 金融費用                | 2,341   | -22.9    | 4,058   | 73.3  | 4,816   | 88.4  | 7,145      | 83.9  |
| 広告宣伝費               | 232     | 699.0    | 372     | 60.1  | 672     | 12.4  | 1,148      | 13.5  |
| 貸倒費用                | 698     | -62.5    | 696     | -0.2  | 679     | 12.5  | 819        | 9.6   |
| 人件費                 | 423     | 11.9     | 1,969   | 365.5 | 2,234   | 41.0  | 3,353      | 39.4  |
| その他                 | 381     | 28.3     | 466     | 22.3  | 574     | 10.5  | 939        | 11.0  |
| 営業利益                | 605     | 28.3     | 552     | -8.8  | 655     | 12.0  | 883        | 10.4  |
| 営業外収益               | -591    | 77.9     | -1,043  | -76.4 | 629     | 11.6  | 1,372      | 16.1  |
| 営業外費用               | 5       | -92.6    | 17      | 216.0 | 4       | 0.1   | -77.1      | -     |
| 営業利益                | 4       | 44,477.8 | 3       | -10.7 | -       | -     | -          | -     |
| 経常利益                | -589    | 77.3     | -1,029  | -74.5 | 633     | 11.6  | 1,372      | 16.1  |
| 特別利益                | -       | -        | -       | -     | -       | -     | -          | -     |
| 特別損失                | 8       | -        | 3       | -52.8 | 27      | 0.5   | 633.0      | -     |
| 税引前利益               | -597    | 77.0     | -1,033  | -72.8 | 605     | 11.1  | 1,586      | 16.1  |
| 法人税・住民税及び事業税        | 3       | -26.8    | 3       | -0.1  | 4       | 0.1   | 9          | 0.1   |
| 法人税等調整額             | -       | -        | -       | -     | -       | -     | -          | -     |
| 当期純利益               | -601    | 76.9     | -1,036  | -72.3 | 601     | 11.0  | 1,363      | 16.0  |

(2) シティーズ (City's / Acquisition : Oct 2002)

(百万円/¥ Million)

| 年/決算月 (Fiscal Year) | 03/3    |   | 04/3    |   | 05/3    |       | 2006/3 (E) |       |
|---------------------|---------|---|---------|---|---------|-------|------------|-------|
|                     | 増減率 (%) |   | 増減率 (%) |   | 増減率 (%) |       | 増減率 (%)    |       |
| 営業収益                |         |   |         |   |         |       |            |       |
| 営業貸付金利息             | 3,470   | - | 7,414   | - | 9,579   | 100.0 | 14,714     | 100.0 |
| その他                 | 3,463   | - | 7,307   | - | 9,413   | 98.3  | 14,502     | 98.6  |
| 営業費用                |         |   |         |   |         |       |            |       |
| 金融費用                | 3,956   | - | 4,371   | - | 6,985   | 72.9  | 11,664     | 79.3  |
| 広告宣伝費               | 274     | - | 390     | - | 417     | 4.4   | 782        | 5.3   |
| 貸倒費用                | 19      | - | 71      | - | 194     | 2.0   | 309        | 2.1   |
| 人件費                 | 1,853   | - | 327     | - | 152     | 1.6   | 1,297      | 8.8   |
| その他                 | 1,211   | - | 2,416   | - | 4,149   | 43.3  | 6,242      | 42.4  |
| 営業利益                | 597     | - | 1,166   | - | 2,070   | 21.6  | 3,032      | 20.6  |
| 営業外収益               | -486    | - | 3,043   | - | 2,594   | 27.1  | 3,049      | 20.7  |
| 営業外費用               | 14      | - | 23      | - | 4       | 0.0   | 12         | 0.1   |
| 営業利益                | 32      | - | 19      | - | 13      | 0.1   | 11         | 0.1   |
| 経常利益                | -503    | - | 3,047   | - | 2,585   | 27.0  | 3,050      | 20.7  |
| 特別利益                | 3       | - | 7       | - | 57      | 0.6   | -          | -     |
| 特別損失                | 4       | - | 13      | - | 103     | 1.1   | 96         | 0.7   |
| 税引前利益               | -504    | - | 3,041   | - | 2,539   | 26.5  | 2,954      | 20.1  |
| 法人税・住民税及び事業税        | 7       | - | 952     | - | 835     | 8.7   | 1,340      | 9.1   |
| 法人税等調整額             | -212    | - | 553     | - | 209     | 2.2   | -86        | -     |
| 当期純利益               | -299    | - | 1,535   | - | 1,494   | 15.6  | 1,699      | 11.5  |

## 22. 消費者金融グループ会社の損益の内訳 (Revenue and Expenses / Consumer Finance Subsidiaries)

(1)トライト (Tryto / Merged : April 2004)

(百万円/ ¥ Million)

| 年/決算月 (Fiscal Year) | 03/3    |        | 04/3    |        | 05/3    |        | 2006/3(E) |        |
|---------------------|---------|--------|---------|--------|---------|--------|-----------|--------|
|                     | 増減率 (%) |        | 増減率 (%) |        | 増減率 (%) |        | 増減率 (%)   |        |
| 営業収益                |         |        |         |        |         |        |           |        |
| 営業貸付金利息             |         | 17,294 |         | 15,663 |         | 14,539 |           | 16,244 |
| その他                 |         | 17,070 |         | 15,386 |         | 14,255 |           | 15,910 |
| 営業費用                |         | 224    |         | 277    |         | 284    |           | 333    |
| 営業外収益               |         | 16,886 |         | 14,308 |         | 11,754 |           | 12,717 |
| 営業外費用               |         | 1,560  |         | 1,321  |         | 896    |           | 920    |
| 金融費用                |         | 881    |         | 443    |         | 802    |           | 1,276  |
| 広告宣伝費               |         | 9,667  |         | 7,915  |         | 5,749  |           | 6,050  |
| 貸倒費用                |         | 1,992  |         | 1,988  |         | 1,918  |           | 2,166  |
| 人件費                 |         | 2,784  |         | 2,639  |         | 2,386  |           | 2,304  |
| その他                 |         | 407    |         | 1,355  |         | 2,784  |           | 3,526  |
| 営業利益                |         | 36     |         | 41     |         | 28     |           | 22     |
| 営業外収益               |         | 39     |         | 17     |         | 5      |           | —      |
| 営業外費用               |         | 404    |         | 1,378  |         | 2,807  |           | 3,548  |
| 金融費用                |         | 13     |         | 0      |         | 5      |           | —      |
| 広告宣伝費               |         | 11     |         | 127    |         | 421    |           | 45     |
| 貸倒費用                |         | 405    |         | 1,252  |         | 2,391  |           | 3,503  |
| 人件費                 |         | 554    |         | 80     |         | -1     |           | —      |
| その他                 |         | -256   |         | 470    |         | 985    |           | 1,133  |
| 営業利益                |         | 106    |         | 701    |         | 1,407  |           | 2,025  |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         | —      |         | —      |         | —      |           | —      |
| 営業外費用               |         | —      |         | —      |         | —      |           | —      |
| 金融費用                |         | —      |         | —      |         | —      |           | —      |
| 広告宣伝費               |         | —      |         | —      |         | —      |           | —      |
| 貸倒費用                |         | —      |         | —      |         | —      |           | —      |
| 人件費                 |         | —      |         | —      |         | —      |           | —      |
| その他                 |         | —      |         | —      |         | —      |           | —      |
| 営業利益                |         | —      |         | —      |         | —      |           | —      |
| 営業外収益               |         |        |         |        |         |        |           |        |

## 22. 消費者金融グループ会社の損益の内訳 (Revenue and Expenses / Consumer Finance Subsidiaries)

(3) ティーシーエム (TCM / Acquisition : Feb 2005)

(百万円 / ¥ Million)

| 年 / 決算月 (Fiscal Year) |                              | 2006/3(E) | 営業収益比<br>(%) | 増減率<br>(yoy%) |
|-----------------------|------------------------------|-----------|--------------|---------------|
| 営業収益                  | Operating Revenue            | 2,437     | 100.0        | -             |
| 営業貸付金利息               | Interest Income              | 2,391     | 98.1         | -             |
| その他                   | Other                        | 45        | 1.8          | -             |
| 営業費用                  | Operating Expenses           | 2,059     | 84.5         | -             |
| 金融費用                  | Financial Expenses           | 177       | 7.3          | -             |
| 広告宣伝費                 | Advertising Expenses         | 146       | 6.0          | -             |
| 貸倒費用                  | Credit Cost                  | 663       | 27.2         | -             |
| 人件費                   | Salaries                     | 313       | 12.8         | -             |
| その他                   | Other                        | 757       | 31.1         | -             |
| 営業利益                  | Operating Income             | 378       | 15.5         | -             |
| 営業外収益                 | Non-operating Income         | -         | -            | -             |
| 営業外費用                 | Non-operating Expenses       | -         | -            | -             |
| 経常利益                  | Ordinary Income              | 378       | 15.5         | -             |
| 特別利益                  | Extraordinary Income         | -         | -            | -             |
| 特別損失                  | Extraordinary Losses         | -         | -            | -             |
| 税引前利益                 | Income before Income Taxes   | 378       | 15.5         | -             |
| 法人税・住民税及び事業税          | Income Taxes                 | 1         | 0.0          | -             |
| 法人税等調整額               | Effect of a Tax Consequences | -25       | -1.0         | -             |
| 当期純利益                 | Net Income                   | 401       | 16.5         | -             |

※4 2005年2月21日に完全子会社化をしておりますが、2005年3月31日をみなし取得日としています。

なお、2005年3月期は貸借対照表のみの連結となっております。

# 23. グループ経営一覧表 (Group Management)

(百万円/ ¥ Million)

|          |                              | 04/3        |          | 05/3        |          | 2006/3(E)   |          |
|----------|------------------------------|-------------|----------|-------------|----------|-------------|----------|
|          |                              | 増減率<br>yoy% | 構成比<br>% | 増減率<br>yoy% | 構成比<br>% | 増減率<br>yoy% | 構成比<br>% |
| 営業債権残高合計 | Total Receivable Outstanding | 2,298,444   | 4.0      | 2,522,579   | 100.0    | 2,701,923   | 100.0    |
|          | アイフル ※1                      | 1,479,080   | 3.8      | 1,515,007   | 60.1     | 1,585,542   | 58.7     |
|          | ライフ                          | 702,202     | 3.9      | 751,553     | 29.8     | 799,581     | 29.6     |
|          | ビジネス                         | 27,591      | 79.2     | 47,622      | 1.9      | 69,516      | 2.6      |
|          | シティズ                         | 31,214      | 7.0      | 45,673      | 1.8      | 70,039      | 2.6      |
|          | ワイド                          | -           | -        | 95,345      | 3.8      | 102,658     | 3.8      |
|          | トライト ※2                      | 58,355      | -        | 58,164      | 2.3      | 64,937      | 2.4      |
|          | ティーシーエム ※3                   | -           | -        | 9,212       | 0.4      | 9,647       | 0.4      |
| 営業収益     | Total Operating Revenue      | 473,477     | 5.3      | 518,416     | 100.0    | 555,049     | 100.0    |
|          | アイフル                         | 334,977     | 3.2      | 340,615     | 65.7     | 349,578     | 63.0     |
|          | ライフ                          | 111,575     | 9.0      | 121,972     | 23.5     | 133,600     | 24.1     |
|          | ビジネス                         | 3,014       | 72.3     | 5,445       | 1.1      | 8,517       | 1.5      |
|          | シティズ                         | 7,414       | -        | 9,579       | 1.8      | 14,714      | 2.7      |
|          | ワイド                          | -           | -        | 23,312      | 4.5      | 25,578      | 4.6      |
|          | トライト                         | 15,663      | -        | 14,539      | 2.8      | 16,244      | 2.9      |
|          | ティーシーエム                      | -           | -        | -           | -        | 2,437       | 0.4      |
| 経常利益     | Total Ordinary Income        | 112,446     | 23.7     | 135,294     | 100.0    | 155,000     | 100.0    |
|          | アイフル                         | 98,932      | -7.6     | 112,533     | 83.2     | 121,000     | 78.1     |
|          | ライフ                          | 12,081      | 50.1     | 16,524      | 12.2     | 21,000      | 13.5     |
|          | ビジネス                         | -1,029      | -74.5    | 633         | 0.5      | 1,372       | 0.9      |
|          | シティズ                         | 3,047       | -        | 2,585       | 1.9      | 3,050       | 2.0      |
|          | ワイド                          | -           | -        | 1,692       | 1.3      | 7,197       | 4.6      |
|          | トライト                         | 1,378       | -        | 2,807       | 2.1      | 3,548       | 2.3      |
|          | ティーシーエム                      | -           | -        | -           | -        | 378         | 0.2      |
| 当期純利益    | Total Net Income             | 62,548      | 4.4      | 75,723      | 100.0    | 91,762      | 100.0    |
|          | アイフル                         | 53,086      | 44.2     | 67,301      | 88.9     | 74,351      | 81.0     |
|          | ライフ                          | 16,131      | 76.3     | 10,679      | 14.1     | 12,265      | 13.4     |
|          | ビジネス                         | -1,036      | -72.3    | 601         | 0.8      | 1,363       | 1.5      |
|          | シティズ                         | 1,535       | -        | 1,494       | 2.0      | 1,699       | 1.9      |
|          | ワイド                          | -           | -        | 361         | 0.5      | 4,084       | 4.5      |
|          | トライト                         | 701         | -        | 1,407       | 1.9      | 2,025       | 2.2      |
|          | ティーシーエム                      | -           | -        | -           | -        | 401         | 0.4      |

※1 アイフルの営業債権残高には信用保証割賦売掛金、割賦売掛金を含みます。

※2 トライトの04/3の数値は3社(ハッピークレジット、信和、山陽信販)の合算値であり、増減率は合算値との比較となります。また、営業債権残高には信用保証割賦売掛金、割賦売掛金を含みます。

※3 2005年2月21日に完全子会社化しておりますが、2005年3月31日をみなし取得日としています。なお、2005年3月期は貸借対照表のみの連結となっております。

## 2.4. 消費者金融業界動向 (Overview of Consumer Credit Industry)

(1) 自己破産申請件数の推移 (Trend of Personal Bankruptcy in Japan)

○1993年～2005年3月推移 (Number of Petitions 1993-Mar 2005)

| 暦年  | 1993年  | 1994年  | 1995年  | 1996年  | 1997年  | 1998年   | 1999年   | 2000年   | 2001年   | 2002年   | 2003年   | 2004年   | 2005年<br>(2M) |        |
|-----|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------------|--------|
| 件数  | 43,545 | 40,385 | 43,414 | 56,494 | 71,299 | 103,803 | 122,741 | 139,281 | 160,419 | 214,633 | 242,377 | 211,402 | 25,271        | 10,856 |
| yoy | 0.9%   | -7.3%  | 7.5%   | 30.1%  | 26.2%  | 45.6%   | 18.2%   | 13.5%   | 15.2%   | 33.8%   | 12.9%   | -12.8%  | -20.8%        | -19.6% |

### (2) 形態別信用供与残高 (Consumer Credit Balance)

|       | 消費者信用全体<br>Consumer Credit<br>Total        |      |         |      |        |      |                         |      |         |      |         |       | 消費者金融<br>Consumer Finance  |      |         |      |         |      |           |      |       |     |  |  |
|-------|--------------------------------------------|------|---------|------|--------|------|-------------------------|------|---------|------|---------|-------|----------------------------|------|---------|------|---------|------|-----------|------|-------|-----|--|--|
|       | 販売信用(ショッピング)<br>Credit Sales<br>(Shopping) |      |         |      |        |      | クレジットカード<br>Credit Card |      |         |      |         |       | 個品割賦<br>Installment Credit |      |         |      |         |      | 消費者金融     |      |       |     |  |  |
|       | 伸び率(yoy%)                                  |      |         |      |        |      | 伸び率(yoy%)               |      |         |      |         |       | 伸び率(yoy%)                  |      |         |      |         |      | 伸び率(yoy%) |      |       |     |  |  |
|       | 伸び率                                        | 伸び率  | 伸び率     | 伸び率  | 伸び率    | 伸び率  | 伸び率                     | 伸び率  | 伸び率     | 伸び率  | 伸び率     | 伸び率   | 伸び率                        | 伸び率  | 伸び率     | 伸び率  | 伸び率     | 伸び率  | 伸び率       | 伸び率  | 伸び率   | 伸び率 |  |  |
| 1994年 | 749,110                                    | 1.1  | 170,164 | 2.0  | 23,606 | 6.1  | 146,558                 | 1.3  | 578,946 | 0.8  | 206,514 | 6.4   | 372,432                    | -2.0 | 283,765 | -4.3 | 44,982  | 12.5 | 39,472    | -0.4 | 4,213 | 0   |  |  |
| 1995年 | 748,005                                    | -0.1 | 177,166 | 4.1  | 24,887 | 5.4  | 152,279                 | 3.9  | 570,839 | -1.4 | 198,822 | -3.7  | 372,017                    | -0.1 | 272,482 | -4.0 | 52,082  | 15.8 | 43,081    | 9.1  | 4,372 | 3   |  |  |
| 1996年 | 752,407                                    | 0.6  | 182,892 | 3.2  | 27,875 | 12.0 | 155,017                 | 1.8  | 569,515 | -0.2 | 195,480 | -1.7  | 374,035                    | 0.5  | 262,502 | -3.7 | 59,634  | 14.5 | 47,293    | 9.8  | 4,606 | 5   |  |  |
| 1997年 | 743,335                                    | -1.2 | 182,621 | -0.1 | 28,927 | 3.8  | 153,694                 | -0.9 | 560,714 | -1.5 | 187,847 | -3.9  | 372,867                    | -0.3 | 251,897 | -4.0 | 65,179  | 9.3  | 50,928    | 7.7  | 4,863 | 5   |  |  |
| 1998年 | 709,823                                    | -4.5 | 171,535 | -6.1 | 29,852 | 3.2  | 141,683                 | -7.8 | 538,288 | -4.0 | 182,329 | -2.9  | 355,959                    | -4.5 | 231,478 | -8.1 | 71,371  | 9.5  | 48,188    | -5.4 | 4,922 | 1   |  |  |
| 1999年 | 668,243                                    | -5.9 | 163,518 | -4.7 | 31,018 | 3.9  | 132,500                 | -6.5 | 504,725 | -6.2 | 153,514 | -15.8 | 351,211                    | -1.3 | 217,957 | -5.8 | 78,586  | 10.1 | 49,763    | 1.8  | 4,905 | -0  |  |  |
| 2000年 | 652,247                                    | -2.4 | 159,639 | -2.4 | 32,735 | 5.5  | 126,907                 | -4.2 | 492,608 | -2.4 | 135,988 | -11.4 | 356,620                    | 1.5  | 210,091 | -3.6 | 88,489  | 12.6 | 53,389    | 7.3  | 4,651 | -5  |  |  |
| 2001年 | 635,927                                    | -2.5 | 153,683 | -3.7 | 33,649 | 2.8  | 120,034                 | -5.4 | 482,244 | -2.1 | 123,727 | -9.0  | 358,517                    | 0.5  | 199,793 | -4.9 | 96,918  | 9.5  | 56,652    | 6.1  | 5,154 | 10  |  |  |
| 2002年 | 607,750                                    | -4.4 | 148,353 | -3.5 | 35,675 | 6.0  | 112,678                 | -6.1 | 459,397 | -4.7 | 106,548 | -13.9 | 352,849                    | -1.6 | 185,566 | -7.1 | 102,357 | 5.6  | 59,434    | 4.9  | 5,492 | 6   |  |  |
| 2003年 | 595,118                                    | -2.1 | 148,316 | 0.0  | 38,672 | 8.4  | 109,644                 | -2.7 | 446,802 | -2.7 | 100,310 | -5.9  | 346,492                    | -1.8 | 178,987 | -3.5 | 101,755 | -0.6 | 59,996    | 0.9  | 5,754 | 4   |  |  |

Source: Consumer Credit Market Statistics, Japan Consumer Credit Industry Association

出所: (社)日本クレジット産業協会「消費者信用市場統計」

### (3) 形態別信用供与額 (Consumer Credit Provided)

|  | 消費者信用全体<br>Consumer Credit<br>Total        |     |     |     |                            |     |     |     |                               |     |     |     |                           |     |     |     |                                                    |     |     |     |                                          |     |     |     |                                                     |     |     |     |              |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|--|--------------------------------------------|-----|-----|-----|----------------------------|-----|-----|-----|-------------------------------|-----|-----|-----|---------------------------|-----|-----|-----|----------------------------------------------------|-----|-----|-----|------------------------------------------|-----|-----|-----|-----------------------------------------------------|-----|-----|-----|--------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----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|  | 販売信用(ショッピング)<br>Credit Sales<br>(Shopping) |     |     |     |                            |     |     |     |                               |     |     |     | 消費者金融<br>Consumer Finance |     |     |     |                                                    |     |     |     |                                          |     |     |     |                                                     |     |     |     |              |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |  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    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|  | クレジットカード<br>Credit Card                    |     |     |     | 個品割賦<br>Installment Credit |     |     |     | 預貯金担保<br>Deposited Collateral |     |     |     | 消費者ローン計<br>Consumer Loans |     |     |     | 銀行等金融機関<br>Banks & Other<br>Financial Institutions |     |     |     | 消費者金融会社<br>Consumer Finance<br>Companies |     |     |     | 信販・カード会社<br>Credit Sales & Credit<br>Card Companies |     |     |     | その他<br>Other |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |   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|  | 伸び率(yoy%)                                  |     |     |     | 伸び率(yoy%)                  |     |     |     | 伸び率(yoy%)                     |     |     |     | 伸び率(yoy%)                 |     |     |     | 伸び率(yoy%)                                          |     |     |     | 伸び率(yoy%)                                |     |     |     | 伸び率(yoy%)                                           |     |     |     | 伸び率(yoy%)    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |  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|  | 伸び率                                        | 伸び率 | 伸び率 | 伸び率 | 伸び率                        | 伸び率 | 伸び率 | 伸び率 | 伸び率                           | 伸び率 | 伸び率 | 伸び率 | 伸び率                       | 伸び率 | 伸び率 | 伸び率 | 伸び率                                                | 伸び率 | 伸び率 | 伸び率 | 伸び率                                      | 伸び率 | 伸び率 | 伸び率 | 伸び率                                                 | 伸び率 | 伸び率 | 伸び率 | 伸び率          | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 | 伸び率 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Source: Consumer Credit Market Statistics, Japan Consumer Credit Industry Association

出所: (社)日本クレジット産業協会「消費者信用市場統計」

# EXHIBIT 3

*(Brief Description)*

June 2005

## **The 28th Business Report** **“SHAREHOLDERS’ COMMUNICATION”**

This Business Report concerning the period from April 1, 2004 through March 31, 2005 (the “Business Report”) was sent to the shareholders of AIFUL Corporation (the “Company”) in June 2005.

The Business Report is not required to be prepared or made public under any rules or regulations in Japan; the Company, however, voluntarily prepares the Business Report, sends it to its shareholders and distributes it to its creditors, customers or analysts from time to time.

The information in the Business Report which is material to an investment decision is substantially contained in the Consolidated and Non-Consolidated Earnings Report (FY 2005) dated May 10, 2005 of the Company (see Exhibit 1).

# EXHIBIT 4

## (Brief Description)

June 27, 2005

### **Annual Securities Report**

(Report pursuant to Article 24, Paragraph 1 of  
the Securities and Exchange Law)

The 28th Fiscal Year  
from April 1, 2004  
to March 31, 2005

This Annual Securities Report concerning the fiscal year ended March 31, 2005 (hereinafter called the "Annual Securities Report") was, in accordance with the Japanese laws and regulations, filed on June 27, 2005 with the Director-General of Kanto Local Finance Bureau of the Ministry of Finance of Japan, and is made available for public inspection at the Tokyo Branch of AIFUL Corporation (the "Company") and at each of The Tokyo Stock Exchange and The Osaka Securities Exchange, on which the shares of common stock of the Company are listed.

It is required under the Japanese laws and regulations to include in the Annual Securities Report certain information concerning the Company on both consolidated and non-consolidated basis, including its financial position and results of operation, together with the consolidated and non-consolidated annual financial statements of the Company for the fiscal year ended March 31, 2005.

The information in the Annual Securities Report which is material to an investment decision is substantially contained in the Annual Report 2005 of the Company, published in August 2005 (see Exhibit 1 (ii)).

# EXHIBIT 5

*(Brief Description in English)*

## **Supplement to Shelf Registration Statement**

AIFUL CORPORATION

(504043)

**Supplement to Shelf Registration Statement dated April 7, 2005 relating to the Unsecured Straight Bonds- Forty-sixth and Forty-seventh - Series (with special covenant of rating *pari passu* solely with the other series of bonds) (the "Supplement")**

The Supplement is required to be filed with the authority under the Securities and Exchange Law when AIFUL Corporation (the "Company") proposes to issue or distribute through a public offering in Japan of the securities designated in the Shelf Registration Statement filed with the Director-General of Kanto Local Finance Bureau on February 7, 2005 (the "Shelf Registration Statement") which became effective as of February 15, 2005, including the Unsecured Straight Bonds - Forty-sixth and Forty-seventh - Series (with special covenant of rating *pari passu* solely with the other series of bonds), each worth ¥10,000 million of the aggregate principal amount thereof in such offerings.

The Shelf Registration Statement so supplemented by the Supplement contains or incorporates by reference the information concerning the terms and conditions of the public offering of the Unsecured Straight Bonds- Forty-sixth and Forty-seventh - Series and the information pertaining to the Company's business.

The information contained in the Supplement which is material to an investment decision is substantially contained in the press releases dated April 7, 2005 (Exhibit 8).

# EXHIBIT 6

*(Brief Description in English)*

## **Amendment to Shelf Registration Statement**

AIFUL CORPORATION

(504043)

**Amendment to Shelf Registration Statement dated June 27, 2005 (the "Amendment") with respect to inclusion in the list of documents incorporated therein by reference to the Shelf Registration Statements (Note)**

The Amendment are filed as referred to above in order to incorporate therein by reference to the Annual Securities Report for the 28th fiscal year filed on June 27, 2005 by amending the list of documents, contained in the Shelf Registration Statement filed with the Director-General of Kanto-Local Finance Bureau on February 7, 2005, which are incorporated therein by reference.

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**Note:**

Under the Securities and Exchange Law, an amendment to a shelf registration statement is required to be filed when a list of documents to be incorporated by reference in the relevant shelf registration statement is amended.

# EXHIBIT 7

*(Brief Description in English)*

## **The Reports on Treasury Stock Purchase**

AIFUL CORPORATION

(504043)

**The Reports on Treasury Stock Purchase, each dated April 12, May 12 and June 8, 2005, respectively (together, the “Reports”), in connection with the open market purchase of treasury stock for the purpose of transfer to directors and employees (see Note below)**

The Reports show that no treasury stock purchase has been made during the period from March 1, 2005 to May 31, 2005.

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Note:

Under the Securities and Exchange Law, a report on treasury stock purchase is required to be filed with the authority in connection with the open market purchase of treasury stock of a listing company.

## AIFUL PRESS RELEASE

### **AIFUL Corporation (8515)**

381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto 600-8420, Japan

Mr. Yoshitaka Fukuda, President & CEO

Listings: Tokyo Stock Exchange First Section,

Osaka Stock Exchange First Section,

Fiscal year end: March 31

For information, contact: Mr. Kenichi Kayama

General Manager, Public Relations Department

Tel: 03-4503-6050

### **AIFUL Announce 46<sup>th</sup>, 47<sup>th</sup> Unsecured Straight Bond Issues**

**TOKYO, April 7, 2005** - AIFUL Corporation announced its 46<sup>th</sup>, 47<sup>th</sup> unsecured straight bond issues. These bond issues are part of AIFUL's diversified plan for further improvements in financial position, and the continued strengthening of its overall financial health based on careful observation of market movements.

|                   |                                                                                                                                                                                               |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue name:       | <b>AIFUL Corporation 46<sup>th</sup> Unsecured Bond</b><br>(Limited Inter-bond Pari Passu Clause)                                                                                             |
| Issue amount:     | 10 billion yen                                                                                                                                                                                |
| Interest rate:    | 0.82% per annum                                                                                                                                                                               |
| Issue price:      | 100% of face value; face value equals 100 yen                                                                                                                                                 |
| Offering date:    | April 7, 2005                                                                                                                                                                                 |
| Payment date:     | April 20, 2005                                                                                                                                                                                |
| Maturity date:    | April 20, 2010<br>(5 year bond redeemable in lump sum at maturity)                                                                                                                            |
| Use of funds:     | Operating loans                                                                                                                                                                               |
| Lead underwriter: | Daiwa Securities SMBC Co., Ltd.<br>BNP PARIBAS Securities Limited                                                                                                                             |
| Trustees:         | The Mitsubishi Trust and Banking Corporation                                                                                                                                                  |
| Rating:           | Japan Credit Rating Agency (JCR)<br>has rated the bonds A<br>Japan Rating and Investment Information, Inc. (R&I)<br>has rated the bonds A-<br>Fitch Ratings Limited<br>has rated the bonds A- |

|                |                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------|
| Issue name:    | <b>AIFUL Corporation 47<sup>th</sup> Unsecured Bond</b><br>(Limited Inter-bond Pari Passu Clause) |
| Issue amount:  | 10 billion yen                                                                                    |
| Interest rate: | 1.22% per annum                                                                                   |
| Issue price:   | 100% of face value; face value equals 100 yen                                                     |
| Offering date: | April 7, 2005                                                                                     |
| Payment date:  | April 20, 2005                                                                                    |
| Maturity date: | April 20, 2012<br>(7 year bond redeemable in lump sum at maturity)                                |
| Use of funds:  | Operating loans                                                                                   |

Lead underwriter:

Nikko Citigroup Limited

Morgan Stanley Japan Limited.

Trustees:

Sumitomo Trust & Banking Co., Ltd.

Rating:

Japan Credit Rating Agency (JCR)

has rated the bonds A

Japan Rating and Investment Information, Inc. (R&I)

has rated the bonds A-

Fitch Ratings Limited

has rated the bonds A-

**AIFUL Corporation**  
Press Release

May 18, 2005

## **AIFUL Announces Issuance of Stock Options**

KYOTO — AIFUL Corporation announced today that a resolution was passed at a meeting of its Board of Directors held May 18, 2005 to make the proposal described below at the 28<sup>th</sup> Annual General Meeting of Shareholders scheduled for June 24, 2005, seeking approval for the issuance of stock options with favorable terms to persons other than shareholders for the purpose of implementing a stock option system pursuant to Article 280-20 and 280-21 of the Commercial Code.

### **1. Reason for issuing stock options**

AIFUL will issue stock options without charge to directors and employees at AIFUL and AIFUL subsidiaries for the purpose of increasing motivation to improve the earnings of the AIFUL Group and to raise morale.

### **2. Overview of stock option issuance**

#### **(1) Stock option recipients**

Directors and employees of AIFUL and AIFUL subsidiaries

#### **(2) Types and number of shares for stock options**

Type of stock: AIFUL common stock

Number of shares: Maximum of 400,000 shares

In the event of a stock split or reverse stock split following the end of the General Meeting of Shareholders, the number of shares for the stock options shall be adjusted based on the formula below. The said adjustment shall be performed only for the number of shares for stock options not exercised at that time. Any fraction of one share resulting from the adjustment shall be rounded down.

Adjusted shares = pre-adjustment shares x ratio of stock split (or reverse stock split)

Additionally, in the event that an adjustment is required as a result of AIFUL merging or consolidating with another company with these stock options remaining in force, or in preparation for such a case, AIFUL shall perform an adjustment as deemed necessary.

#### **(3) Number of stock options to be issued**

Maximum of 8,000 stock options. (A total of 50 shares for each stock option. However, in the event of an adjustment in the number of shares as stipulated in (2), the number shall be similarly adjusted.)

(4) Stock option issue price and calculation basis

No charge

(5) Amount paid when exercising stock options (exercise price)

The amount paid per stock option shall equal the number of shares for one stock option as stipulated in (3) multiplied by the amount paid per share determined as follows.

The amount paid per share shall equal 103% of the monthly average (rounded up to the nearest ¥1) of daily (trading holidays excluded) closing prices of AIFUL common stock in regular trading on the Tokyo Stock Exchange during the month prior to the month in which the stock options are issued. However, should this be less than the closing price on the issue date (the nearest day with a closing price in the event there is no closing price on the issue date), then the amount paid per share shall equal the closing price on the issue date.

Following the stock option issuance, the amount paid may be adjusted based on the formula below in the event that AIFUL implements a stock split or reverse stock split. Should the adjustment result in a fraction of ¥1, the figure shall be rounded up.

Adjusted amount paid = pre-adjustment amount paid  $\times$  1/Split or reverse split ratio

AIFUL may also adjust the amount paid (rounded up to the nearest ¥1) based on the formula below in the event that new shares are issued or treasury stock retired for a price less than current market value (except in the cases of exercising stock warrants and stock options and exercising subscription rights pursuant to the Commercial Code prior to revision.)

Adjusted amount paid = pre-adjustment amount paid  $\times$  ((Shares outstanding + Newly issued shares  $\times$  Amount paid per share/Market value before new share issuance))/Shares outstanding + Newly issued shares

(6) Period for exercising stock options

July 1, 2007 to June 30, 2010. However, the exercise of stock options may be restricted during the exercise period based on the Stock Option Grant Agreement concluded individually between stock option recipients and AIFUL.

(7) Conditions for exercising stock options

a) Stock option recipients must be a director or employee of AIFUL or an AIFUL subsidiary when exercising stock options. However, in the event of retirement due to the expiry of one's term in office, mandatory retirement due to one's age, or for another justifiable reason, AIFUL's Board of Directors may deem the retention of stock options to be appropriate.

b) Pledging or otherwise disposing of stock options is not allowed.

c) Other conditions are stipulated in the Stock Option Grant Agreement based on a resolution of the General Meeting of Shareholders and a resolution of the Board of Directors concerning the stock option issuance.

(8) Reasons and conditions for canceling stock options

a) AIFUL may cancel stock options without compensation in the event of the approval of a merger agreement in which AIFUL ceases to exist, or the approval by the General Meeting of Shareholders of a proposal to authorize an agreement for an exchange of shares that would make AIFUL a wholly owned subsidiary.

b) Stock options may be cancelled without compensation in the event that, prior to exercising their stock options, stock option recipients become unable to exercise their stock options as a result of not fulfilling the conditions stipulated in (7).

(9) Stock option transfer restrictions

The transfer of stock options requires the approval of AIFUL's Board of Directors.

(10) Specific Matters

Specific matters pertaining to the stock options shall be determined by resolution at the subsequent meetings of the Board of Directors.

Note: The foregoing details are subject to the approval of the "Proposal to Issue Stock Options" at AIFUL's General Meeting of Shareholders.

**AIFUL Corporation**

Headquarters: 381-1 Takasago-cho, Gojo-Agaru,  
Karasuma-Dori, Shimogyo-ku, Kyoto  
President: Yoshitaka Fukuda  
Stock code: 8515  
Exchanges: TSE 1st Section, OSE 1st Section  
Fiscal year: Ending March 31  
Inquiries: Kenichi Kayama, General Manager,  
Public Relations Department  
Telephone: (03) 3274-3560 (Public Relations)  
(03) 3274-4561 (Investor Relations)  
Fax: (03) 3274-4581

# EXHIBIT 10

**AIFUL Corporation**  
Press Release

May 18, 2005

## **AIFUL Announces Personnel Change for Director**

KYOTO — AIFUL Corporation hereby announces the following personnel change for one of its directors.

### **Resignation of Director**

| Name            | Position                                                            | Date of Resignation |
|-----------------|---------------------------------------------------------------------|---------------------|
| Tetsuo Ninomiya | Director<br>Deputy General Manager,<br>Management Planning Division | June 24, 2005       |

\* Mr. Ninomiya will retire at the expiration of his term.

### **AIFUL Corporation**

Headquarters: 381-1 Takasago-cho, Gojo-Agaru,  
Karasuma-Dori, Shimogyo-ku, Kyoto  
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Fax: (03) 3274-4581



**AIFUL Corporation**  
Press Release

**May 18, 2005**

## **AIFUL Announces Partial Revisions to Consolidated and Non-Consolidated Financial Statements for Year Ended March 31, 2005**

KYOTO — AIFUL Corporation hereby announces that it has revised the financial statements published on May 10, 2005, as a result of the determination of directors' bonuses detailed in the "Statement on Appropriation of Profits" section. The relevant items are shown below, before and after the revision.

### **Year-End Financial Statements (Consolidated)** For the fiscal year ended March 31, 2005

(Underlined texts indicate revisions)

| Page | Section                            | Before Revision                                                                                                                                                                                           | After Revision                                                                                                                                       |
|------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | (1) Consolidated Operating Results | Shareholders' equity per share (net assets per share) <u>¥6,537.77</u>                                                                                                                                    | Shareholders' equity per share (net assets per share) <u>¥6,538.03</u>                                                                               |
|      |                                    | Net income per share <u>¥800.10</u>                                                                                                                                                                       | Net income per share <u>¥800.36</u>                                                                                                                  |
| 28   | Supplementary Information          | Diluted net income per share <u>¥800.04</u>                                                                                                                                                               | Diluted net income per share <u>¥800.30</u>                                                                                                          |
| 38   | Per Share Information              | Net asset per share (after stock split adjustment) <u>¥4,358.51</u>                                                                                                                                       | Net asset per share (after stock split adjustment) <u>¥4,358.69</u>                                                                                  |
| 39   | Results of Operations              | Net income per share (after stock split adjustment) <u>¥533.40</u>                                                                                                                                        | Net income per share (after stock split adjustment) <u>¥533.57</u>                                                                                   |
|      |                                    | Diluted net income per share (after stock split adjustment) <u>¥533.36</u>                                                                                                                                | Diluted net income per share (after stock split adjustment) <u>¥533.53</u>                                                                           |
|      | Other Operating Indicators         | Amount not attributable to common stock shareholders <u>¥151 million</u><br>(Includes directors' bonuses distribution of profit) <u>¥151 million</u>                                                      | Amount not attributable to common stock shareholders <u>¥126 million</u><br>(Includes directors' bonuses distribution of profit) <u>¥126 million</u> |
|      |                                    | Net income relating to common stock <u>¥75,571 million</u>                                                                                                                                                | Net income relating to common stock <u>¥75,596 million</u>                                                                                           |
|      |                                    | <u>Directors' bonuses for the current consolidated fiscal year had not been determined as of the date of publication, so figures may change. The Company will publish the amount as it is determined.</u> |                                                                                                                                                      |

# Year-End Financial Statements (Non-Consolidated)

For the year ended March 31, 2005

(Underlined texts indicate revisions.)

| Page | Section                                | Before Revision                                                                                                                                                                                                    | After Revision                                                                                                                                                                                                     |
|------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | (1) Non-Consolidated Operating Results | Shareholders' equity per share (net assets per share) <u>¥6,187.74</u><br>Net income per Share <u>¥710.94</u>                                                                                                      | Shareholders' equity per share (net assets per share) <u>¥6,188.00</u><br>Net income per share <u>¥711.20</u>                                                                                                      |
| 6    | Statement on Appropriation of Profits  | Diluted net income per share <u>¥710.88</u><br>Bonuses for directors <u>¥151 million</u><br>General reserve <u>¥58,650 million</u>                                                                                 | Diluted net income per share <u>¥711.14</u><br>Bonuses for directors <u>¥126 million</u><br>General reserve <u>¥58,674 million</u>                                                                                 |
| 10   | Supplementary Information              | Net asset per share (after stock split adjustment) <u>¥4,125.16</u>                                                                                                                                                | Net asset per share (after stock split adjustment) <u>¥4,125.33</u>                                                                                                                                                |
| 15   | Per Share Information                  | Net income per share (after stock split adjustment) <u>¥473.96</u>                                                                                                                                                 | Net income per share (after stock split adjustment) <u>¥474.13</u>                                                                                                                                                 |
| 16   | Results of Operations                  | Diluted net income per share (after stock split adjustment) <u>¥473.92</u>                                                                                                                                         | Diluted net income per share (after stock split adjustment) <u>¥474.09</u>                                                                                                                                         |
|      | Other Operating Indicators             | Amount not attributable to common stock shareholders <u>¥151 million</u><br>(Includes directors' bonuses distribution of profit) <u>¥151 million</u><br>Net income relating to common stock <u>¥67,150 million</u> | Amount not attributable to common stock shareholders <u>¥126 million</u><br>(Includes directors' bonuses distribution of profit) <u>¥126 million</u><br>Net income relating to common stock <u>¥67,174 million</u> |
|      |                                        | <u>Directors' bonuses for the current fiscal year had not been determined as of the date of publication, so figures may change. The Company will publish the amount when it is determined.</u>                     |                                                                                                                                                                                                                    |

## AIFUL Corporation

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