

**AIFUL Submits Business Operation Improvement Plan**

KYOTO — AIFUL Corporation has announced that it submitted a Business Operation Improvement Plan to the Director-General of the Kinki Finance Bureau today, May 31, 2006. The plan was filed in response to the April 14, 2006, suspension of operations of AIFUL Corporation branch offices and departments mandated by the Kinki Finance Bureau under the provisions of Item 1, Article 36 of the Money Lending Business Restriction Law (Law No. 32 of 1983).

AIFUL Corporation recognizes the considerable inconvenience and concern these administrative penalties have caused for its shareholders and other stakeholders, as well as for its customers, and offers its deepest apologies to everyone affected. By ensuring thoroughgoing implementation of this Business Operation Improvement Plan, the company is strengthening its emphasis on compliance and working to prevent any future legal violations.

**Summary of Business Operation Improvement Plan**

**1. Review of internal rules and regulations**

**· Tightening of regulations for lending and collection**

AIFUL has made company rules stricter with regard to standards of conduct in lending, entering into contracts, and debt collection.

**· Complete abolition of the power of attorney for delegating the acquisition of documents at government offices**

Effective as of June 5, 2006, AIFUL completely abolished the use of the power of attorney for delegating the acquisition of documents at government offices, which it had previously used.

**2. Improvements to Systems**

**· Workplace telephone number field not displayed**

To ensure that customers' employers are not telephoned by mistake during debt collection operations, the "employer telephone number" field will no longer be displayed on personal computer terminals for any account.

**· Upgrade of system for managing records of debt collection negotiations**

AIFUL is rebuilding its system for managing records of debt collection negotiations, with sequential upgrades scheduled to come on line beginning July 1, 2006.

**3. Strengthening of training and guidance**

**· Intensified monitoring of telephone manners at departments specializing in reminders, and each call center**

The company is stepping up the frequency of monitoring of calls to customers in departments specializing in reminders and all other consolidated centers (administrative departments and call centers), to improve the quality of communications with customers and to ensure thorough regulatory compliance.

· **Compliance training sessions at each office**

Over the three-day period from May 8 through 10, 2006, AIFUL held training sessions on the Money Lending Business Restriction Law and compliance for all employees, with the goal of preventing recurrences of violations and ensuring strict observance of laws and regulations.

· **Compliance manager certification system**

To further raise awareness of regulatory compliance among branch managers and lending operations managers, the company is implementing an internal compliance manager certification system, and will begin offering in-house certifications in July 2006.

· **Operations manager system**

To give employees at all branches and call centers the legal knowledge they need in all business operations, AIFUL is implementing an operations manager system, and will begin offering in-house certifications in September 2006.

· **Conducting training for debt collection departments**

To foster employees capable of helping customers resolve their problems with money-management counseling, AIFUL will launch an in-house training curriculum on money-management counseling in September 2006.

#### **4. Strengthening the system of internal checks**

· **A stronger role for the Inspection Department**

Effective April 1, 2006, the Inspection Department revised its inspection procedures to bring their emphasis in line with that of the Financial Services Agency. Together with this, the Inspection Department has added 25 people to its staff and shortened the inspection cycle from twelve months to six.

· **Revised procedures for on-site checks of offices by the Loan Business Department Manager and the Support Section of the Loan Business Advertising Department**

To strengthen the compliance check system at the company's business offices, AIFUL has reviewed the checklist managed by the Loan Business Department Manager and the Support Section of the Loan Business Advertising Department and started new on-site checks as of April 1, 2006.

· **A revised business office check system for branch managers (assistant branch managers)**

Legal and regulatory compliance checks by branch managers and assistant branch managers have been on a six-month cycle, but are now being revised and put on a three-month cycle.

#### **5. Reinforcement of compliance structure**

· **Compliance audits by outside organizations**

AIFUL has scheduled compliance audits by outside organizations to improve its compliance procedures and strengthen checks on regulatory compliance. At present, the company is moving forward with consideration of outside auditors.

**6. Improvement of internal procedures**

· **Centralization of debt collection in call centers**

To avoid problems and ensure thorough compliance, the company has concentrated debt collection in call centers.

· **Added requirement for assistant branch managers and leaders**

As a condition for appointment as an assistant branch manager, supervisor, or other leadership position, appointees must receive certification as a lending operations manager under the provisions of the Money Lending Business Restriction Law.

· **The Inspection Award**

To create a climate that places the greatest importance on regulatory compliance, AIFUL has instituted the Inspection Award.

In addition to the operational reforms described above, the company will be further strengthening compliance structures, and revising company regulations, systems, organizations, and training procedures as needed.

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