

May 21, 2007

AIFUL Issues New Update on Strengthening of Compliance Structure

KYOTO — AIFUL Corporation has issued a new update on its efforts to strengthen its compliance structure and revise its internal regulations, systems, organizations and employee education programs in efforts to prevent recurrence of any legal violations. The progress that AIFUL has made since the previous announcement on January 31, 2007 is summarized below. Underlined texts indicate the new initiatives and their current status.

1. Revision of Corporate Philosophy and Organizational Restructuring

AIFUL has revised its corporate philosophy, beginning with its management philosophy, in order to become a company that is truly trusted by society.

Since April 2007, AIFUL has been operating under a new ethical framework with the management philosophy, “Earn the support of the public with sincerity and hard work” at the pinnacle. This philosophy is supported by the Four Cornerstones, which serve as guidelines for conscience; the 10 Point Code of Conduct, which lays out guidelines for conduct; and the Core Employee Values, which are concrete points that make up the appropriate employee mindset.

Based on the new corporate philosophy, AIFUL will strive even harder than in the past, pushing ahead with reform in order to become a company that can earn the trust of everyone.

2. Establishment of Risk Management Committee

In April 2007, AIFUL established the Risk Management Committee as a body reporting directly to the Board of Directors and chaired by the President and CEO. The Committee is tasked with strengthening the structure for avoiding risk and responding promptly if a crisis does occur. It employs a cross-sectional approach to the monitoring and management of risk and seeks to further reinforce the risk management framework, thus helping to increase corporate value.

3. Revision of Internal Regulations

AIFUL has made its internal rules even more rigorous, tightening up its regulations relating to loan and agreement practices and debt collection practices. Specific steps taken include:

- Changes to telephone calling regulations
- Review of credit assessment procedures

- Formulation of the Loans Code of Conduct to clarify prohibited practices when concluding loans and agreements
- Tightening of age limitations on loans
- Introduction of approval by Credit Assessment Department for flow of operations in reissue of credit cards
- Tightening of the screening criteria for home equity loans and small business loans
- Total abolition of letters of attorney for obtaining documents from government offices
- Tightening of the rules when providing product information to customers
- Tightening of rules on telephone calls and dispatch of debt collection documents.

4. System Construction

AIFUL has built the system described below, adhering to the customer-first principle.

Omitted display of telephone number in work telephone number column

In order to eliminate telephone calls placed accidentally to the workplaces of customers, work telephone numbers are no longer displayed on terminals for the management of debt collection.

Recording progress of negotiations

AIFUL has rebuilt its system for inputting the progress of negotiations with the aim of improving accuracy, such as by expanding the number of input characters.

5. Thorough Employee Guidance and Training

In addition to its focus on customers, AIFUL has been making even more exhaustive efforts in employee guidance and training, including those outlined below, in order to foster a corporate culture that values compliance even more.

Strengthening of telephone service monitoring for specialist debt collection departments

AIFUL has increased the frequency with which it monitors telephone services in the loan recovery departments and counseling centers, which specialize in debt collection operations. The company monitored a total of 104,255 calls involving 1,408 employees between April 2006 and March 2007.

Moreover, AIFUL has introduced IC recorders for monitoring at all of its outlets, and has monitored 6,435 employees in telephone conversations with customers between November 2006 and March 2007 in efforts to raise the quality of telephone services. Looking ahead, AIFUL will continue working to achieve higher quality customer service as well as total compliance.

Held compliance training sessions at all branches

From May 8 to 10, 2006, AIFUL ran training sessions for all employees to raise awareness about legal compliance. In addition, since July, the company has designated

the fifth business day of each month as a compliance day when all employees participate in training sessions with standardized content.

In addition, from April 2006 to March 2007, AIFUL conducted 711 training sessions on compliance and legal matters by branch managers, section chiefs, and the Loan Business Advertising Department.

Introduced new qualification system to ensure complete penetration of a compliance mindset

In addition to making successful completion of the Laws and Regulations Manager Certification (in-house certification), Compliance Officer Certification and the Personal Information Protection Officer Certification (external certifications) a condition of promotion to management posts, AIFUL has made the attainment of these qualifications compulsory for all current managers.

In the current fiscal year, employees sat for the Compliance Officer Certification and the Personal Information Protection Officer Certification on September 10, 2006 — 1,680 employees passed the Compliance Officer Certification and 1,512 employees passed the Personal Information Protection Officer Certification.

Moreover, in March 2007, AIFUL introduced a Laws and Regulations Manager Certification (an in-house certification program), which mainly covered Japan's revised Money Lending Business Control and Regulation Law, data handling, and in-house regulations. Eligible for the certification are assistant branch managers (section chiefs), supervisors, and all employees at loan office leader level and above — 1,225 employees passed and were certified.

Introduced operations manager system

AIFUL has introduced Operations Manager Certification (in-house certification) for employees at all branches and call centers who have contact with customers through loan and debt collection services with the aim of ensuring they acquire the necessary legal knowledge and business expertise for each service conducted.

As a result of introducing the Credit Product Handling Operations Certification, the Secured Product Handling Operations Certification, and the Counseling Operations Certification for loan office employees, and the Counseling Operations Certification and the Inbound Operations Certification for employees in specialist debt collection departments and counseling centers in February 2007, a total of 5,704 employees had obtained one of these qualifications as of March 31, 2007.

Implementation of in-house counseling education

AIFUL has introduced training on a trial basis for staff working in debt collection departments. The aim is to enable employees to go beyond mere debt collection duties to also give money management counseling and help resolve customer issues.

AIFUL's Training Department and an outside consulting company jointly formulated a training curriculum, and carried out training at the departments specializing in debt collection in East and West Japan. A "test team" of employees who have undergone training has been inaugurated to implement customer service in accordance with the substance of the training.

Preparations are currently underway for the company-wide introduction of the curriculum in June 2007, following enhancements based on the results from the examination of the outcomes of the "test team."

Issued AIFUL Group Handbook

AIFUL prepared the AIFUL Group Handbook and distributed it to Group employees on August 31, 2006 in order to facilitate even deeper understanding and awareness by individuals that they must conduct themselves in a worthy manner as employees of the AIFUL Group. The Handbook also emphasizes compliance and the customer-first principle.

6. Strengthening and Expansion of In-house Checking Structures

Reviewed and strengthened Inspection Department structures

AIFUL has revised all the inspection requirements for the Inspection Department by better aligning the items for inspection with the key categories of Financial Services Agency inspections since April 1, 2006. At the same time, the number of personnel in the Inspection Department has been increased by 25, creating an organization with 61 members of staff that has been carrying out regular inspections. As a result of these changes, the regular inspection cycle for all branches, which was previously 12 months, has been shortened to six months.

Between October 2006 and March 2007, AIFUL carried out regular inspections under a reinforced audit system, taking into consideration the laws applicable to the industry overall and the detection of illegalities based on the results of the inspections carried out in the first half of last year. All of the target 494 inspections were completed.

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

AIFUL has revised the on-site checklist managed by the Loan Business Department Manager and the Support Section of the Loan Business Advertising Department in order to strengthen the checking system related to compliance for loan offices.

Between October 2006 and March 2007, the Loan Business Department Manager and the Support Section of the Loan Business Advertising Department completed on-site checks on all of the 108 branch groups that were targeted.

Note: Branch group refers generally to the staffed and unstaffed branches in an area, which are managed overall by a branch.

Revised system of branch checking by branch managers and assistant branch managers
Legal Compliance Checks by branch managers and assistant branch managers had been conducted in six-month cycles, but the company has accelerated the checking cycle to three months as well as revising the checks relating to compliance.

Between October 2006 and March 2007, AIFUL conducted two on-site checks at all 433 loan offices.

Monitoring and checking functions for branches

The 476 staffed branches as of April 1, 2006 were reduced to 101 branches as of April 1, 2007 through closures and amalgamations. AIFUL has appointed a permanent branch manager and assistant branch manager to be the responsible parties at each of the 101 branches, strengthening the monitoring and checking functions for employees compared with the past.

Moreover, AIFUL is allocating a Compliance Officer to all departments starting in May 2007 in a new strategy that aims to correct and improve shortcomings and strengthen the self-rectification function within each department.

7. Enhancement of Compliance Structures

Compliance audit implemented by external organization

AIFUL has concluded a legal consulting agreement with Nakajima Transactional Law Office (representative attorney: Shigeru Nakajima) for the period from July 2006 to the end of March 2007. Mr. Nakajima has an extensive track record in the fields of compliance and corporate crisis management, and AIFUL is receiving advice and support aimed at preventing any recurrence of the company's legal violations and establishing solid compliance structures.

In addition, AIFUL requested a consulting company to undertake an internal audit, which that company has now completed, identifying issues relating to a variety of areas such as organization and structures, human resources, and corporate culture.

AIFUL has decided to continue the consulting agreement with Nakajima Transactional Law Office until March 31, 2008 in order to further consolidate the compliance structure.

8. Revision of Personnel Evaluation System

Elimination of excessively target-driven management system

The company-wide target management system based on performance targets was eliminated at all loan offices and call centers as of April 2006.

Added requirements for appointment to assistant branch manager and leader positions

The company has added acquisition of the qualification for a Lending Operations Manager specified in the Money Lending Business Restriction Law to the requirements for appointment as assistant branch manager, supervisor and leader.

As of December 31, 2006, 2,462 employees had passed the Lending Operations Manager examination. This is an increase of 867 employees compared with the end of June 2006.

9. Establishment of Other Internal Structures

Complete centralization of debt recovery operations

AIFUL completed the full centralization of all debt recovery operations with the aim of preventing problems and ensuring thorough compliance in April 2006.

Implementation of compliance commendations

The company has set up Inspection Commendations as a system to commend departments that have an outstanding track record on compliance, with the aim of facilitating the establishment of a corporate culture that prioritizes compliance with laws and regulations.

Looking to the future, AIFUL will continue to be united in efforts to establish a firm compliance structure, and will also continue to report on the status of progress of these revisions.

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) 4503-6050 (Public Relations)
(03) 4503-6100 (Investor Relations)