

AIFUL Issues Another Update on Strengthening of Compliance Structure

KYOTO — AIFUL Corporation continues to work to strengthen its compliance structure and revise internal regulations, systems, organizations and employee education programs. The progress that AIFUL has made since the previous announcement (news release entitled “AIFUL Issues New Update on Strengthening of Compliance Structure,” dated December 27, 2007) is summarized below.

1. The Executive Caravan Program

The Executive Caravan program, initiated in December 2006, facilitates the direct communication of business policies and business conditions from the management to onsite employees. In this program, executives visit workplaces and engage in face-to-face dialogue with employees to ensure that employee views are reflected in the company’s management. By the end of March 2008, AIFUL had held 786 executive caravan sessions, involving a total of 8,348 employees. This program will be continued in the future.

2. Thorough Employee Guidance and Training

Strengthened telephone service monitoring

AIFUL has been implementing telephone service monitoring, aiming to further improve the quality of its phone-based services. Over the 12-month period from April 2007 to March 2008, the company monitoring the following calls:

- 90,527 calls involving 1,493 employees at counseling centers (specializing in debt collection), credit management department, secured loan management department and assistance center
- 7,673 calls involving 317 employees at the toll-free customer service department Heartful Center
- 5,698 calls involving 281 employees at the customer center responsible for ATM applications
- 16,094 calls involving 886 employees at all loan offices.

New communications recording devices are scheduled for installation at all loan offices to avoid recording failures. Looking to the future, AIFUL will continue this monitoring with the objectives of raising the quality of customer service and ensuring total compliance.

Held compliance training sessions at all branches

The company has designated the fifth business day of each month as a compliance day and conducts training with standardized content for employees.

Apart from this, AIFUL ran a total of 1,190 study sessions, which were held by the managers of loan offices during the 12-month period from April 2007 to March 2008, covering such topics as compliance, regulations, and service.

Law and Regulations Manager Certifications (in-house qualification)

In February and March 2008 a total of 951 employees who hold the Law and Regulations Manager Certification, established in March 2007, attained an updated qualification principally covering article 2 of Japan's Money Lending Business Control and Regulation Law. In addition, a total of 251 mid-career managers attained the certification for the first time.

Operations Manager Certifications (in-house qualification)

AIFUL has introduced the Operations Manager 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. There have been 37 new certifications since the last report, bringing the total to 5,931.

Implemented In-house Counseling Education

AIFUL has launched counselor training 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 human resources development 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 total of 924 employees have completed training—429 in east Japan and 495 in west Japan. All employees at debt collection departments in east and west Japan have completed training. To ensure the thorough permeation of this knowledge, follow-up training will be conducted.

3. Enhancement of Compliance Structures

Periodic Examinations

Since October 2007 AIFUL has been conducting a second round of regular inspections from the perspective of the Money Lending Business Control and Regulation Law and the detection of irregularities. As of March 31, 2008, 236 targeted sites had received a second inspection with no problems found.

Compliance Inspections of Branches and Offices by the Compliance Monitoring Department

To strengthen the company's approach to compliance and internal controls, an On-Site Compliance Section was established within the Compliance Monitoring Department in June 2007. As of March 31, the On-Site Compliance Section had conducted inspections at 34 locations nationwide. These inspections serve to heighten knowledge and awareness of compliance, produce operational improvements, guidance, and training directly in the workplace, and provide Compliance Officers with support and follow-up.

Compliance Audit Implemented by External Organization

AIFUL concluded a legal consulting agreement with Nakajima Transactional Law Office (representative attorney: Shigeru Nakajima) in July 2006. To allow further development of the company's compliance structure, it has been decided to continue this relationship to the end of March 2009.

Risk Management Posture Enhanced

Risk management regulations have been revised to allow quicker response to a broader

spectrum of risks, to change the definition of risks and clarify responses to risks that emerge, and to clarify the decision-making and operational procedures of the Risk Management Committee.

In addition, we have formulated oversight policies, specific action plans for times of emerging risks, and contingency plans to be implemented in the event of a breach of propriety.

4. Revision of Personnel Evaluation System

Requirements added for appointment to assistant branch manager and loan office leader positions

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

As of March 31, 2008, 1,657 employees had qualified as lending operations managers.

5. Other Corporate Activities

CSR Activities

The AIFUL Group's newly formulated corporate philosophy, "Earn the support of the public with sincerity and hard work," carries the same connotations as the company's efforts to win the trust of all stakeholders through good-faith corporate social responsibility efforts. We at AIFUL believe that the practice of CSR is the road to actualization of our corporate philosophy, and are engaged in various activities intended to bring this about. Some examples of these activities are given below.

Tackling environmental issues

- Introduction of cool biz and warm biz
- Sorting and recycling of waste
- Use of environmentally friendly products

Social contributions and responsible community service

- Long-term charitable activities
- Disaster aid and relief funds
- Cleanup of the vicinity of our premises
- Installation of AED at all business establishments
- Participation in illegal outdoor advertising whistleblower programs
- Establishment of a paid-leave program for volunteer work

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

Reference

Principal Measures Taken to Strengthen the Compliance Structure

Corporate philosophy

- Reformulated the corporate philosophy and other elements of the corporate philosophy
- Released the AIFUL Group Handbook to promote understanding and awareness

Strengthening organizations and systems

- Substantially increased the number of inspectors
- Established the Risk Management Committee
- Implemented an executive officer system
- Established the Auditor's Office
- Established the On-Site Compliance Section within the Compliance Monitoring Department

Enhancement of Compliance Structures

- Introduced the Compliance Officer Certification (external qualification, qualified employees: 1,899)
- Introduced the Personal Information Protection Officer Certification (external qualification, qualified employees: 2,184)
- In preparation for the implementation of Article 2 of the Money Lending Business Control and Regulation Law, company-wide study sessions were held, and attendees tested on the material.
- Inspections by the general managers of loan business departments and the loan business planning and promotion department
- Checks of regulatory compliance by assistant branch managers
- Appointment of Compliance Officers
- Implementation of Inspection Commendations

Changes to internal regulations

- Tightened rules and regulations governing lending operations
- Tightened regulations governing debt collection operations

Enhancement of systems

- Customers' work telephone numbers no longer displayed on terminals
- Upgraded system for recording progress of negotiations
- Adopted the mobile-phone-compatible "Global Server ID EV for Mobile" EV SSL certificate.

Revision of Personnel Evaluation System

- Target management system based on performance targets eliminated
- Revised requirements for appointments and promotions

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)