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(Securities Code 8515)  
June 6, 2016

**To Shareholders with Voting Rights:**

Yoshitaka Fukuda  
President and Representative Director  
AIFUL CORPORATION  
381-1, Takasago-cho, Gojo-Agaru,  
Karasuma-Dori, Shimogyo-ku, Kyoto

## **NOTICE OF CONVOCAION OF THE 39TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 39th Annual General Meeting of Shareholders of AIFUL CORPORATION (the “Company” or “AIFUL”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights by indicating your vote for or against each proposal on the enclosed Voting Rights Exercise Form and returning it, or accessing the website for exercising voting rights displayed on the Voting Rights Exercise Form via the Internet. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 6 p.m. on Monday, June 27, 2016 Japan time.

- 1. Date and Time:** Tuesday, June 28, 2016 at 10 a.m. Japan time
- 2. Place:** Third floor hall in the Head Office of the Company, located at  
381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 39th Fiscal Year (April 1, 2015 - March 31, 2016) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the Company’s 39th Fiscal Year (April 1, 2015 - March 31, 2016)

**Proposals to be resolved:**

- Proposal No. 1:** Election of Eight Directors (Excluding Those Who Are Members of the Audit and Supervisory Committee)
- Proposal No. 2:** Election of One Director Who Is a Member of the Audit and Supervisory Committee
- Proposal No.3:** Election of One Director Who Is a Substitute Member of the Audit and Supervisory Committee

#### **4. Exercise of Voting Rights:**

**(1) Exercise of Voting Rights by Mail**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 6 p.m. on Monday, June 27, 2016 Japan time.

**(2) Exercise of Voting Rights via the Internet, etc.**

Please exercise your voting rights by 6 p.m. on Monday, June 27, 2016 Japan time, after confirming the Instructions for Voting via the Internet, etc. on page 29.

**(3) If you exercise your voting rights both in writing and via the Internet, etc., the vote placed via the Internet, etc. shall be deemed valid. In addition, if you exercise your voting rights multiple times via the Internet, etc., or if you exercise your voting rights multiple times via a computer and/or mobile phone, the most recent vote shall be deemed valid.**

End

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When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

Any updates to the Reference Materials for the General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website at the following URL: <https://www.ir-aiful.com/japanese/shareholder05.html>

## **Business Report**

(April 1, 2015 - March 31, 2016)

### **I. Overview of the Company Group**

#### **1. Business Progress and Results**

In the consolidated fiscal year under review, the Japanese economy experienced a continued recovery in corporate earnings and employment conditions as a result of the positive economic policies adopted by the government, the appreciation of the yen, and various other factors. Nonetheless, the outlook for the economy's future remained uncertain, as reflected in developments such as the clear slowdown of the economies of China and emerging countries, and the impact of the interest hike in the US on foreign exchange.

In the consumer finance industry, the number of new contracts remained solid, mainly because of aggressive advertising by major players, and the operating loan balance recovered steadily.

Although the industry's biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, the number of claims continues almost unchanged recently, leaving the future outlook still unpredictable.

In this environment, the AIFUL Group will expend all effort to strengthen its revenue base, while handling the biggest management issue, the interest repayment claims.

Also, the financial support which had continued from July 2014, for the AIFUL Group was ended in August 2015 and the Group has been working to strengthen its financial base through further improvement in its business efficiency and diversification of funding sources.

As it addresses interest repayment claims going forward, the AIFUL Group will strive to streamline its business efficiency across the Group, work to further increase the number of new contracts concluded and the operating loan balance, and improve the quality of its loan portfolio. Through these measures, it will seek to bolster the top line.

The results by business segments are as follows:

#### **(AIFUL Corporation)**

##### **Loan business**

In the unsecured loan segment, the Group is working to improve the quality of its loan portfolio by acquiring sound credit, further increase the number of new contracts concluded, and increase the operating loan balance through the aggressive development of unstaffed branches, extension of business hours and other more convenient services offered, as well as efficient advertising mainly on television and the Internet.

In the consolidated fiscal year under review, new contracts signed for unsecured loans were 180,000 (up 18.0% year on year) and the contract rate was 46.5% (up 1.5pt year on year).

As a result, the amount of unsecured loans outstanding in the consolidated fiscal year under review is 262,655 million yen (up 14.5% year on year). The amount of secured loans outstanding is 21,839 million yen (down 25.4% year on year), the amount of Small business loans outstanding is 5,070 million (down 13.9% year on year) and total amount of 289,565 million yen in operating loans outstanding for the loan segment (up 9.5% year on year). (off-balance sheet operating loans from the securitization of receivables (32,645 million yen) have been included.

##### **Credit guarantee business**

In the credit guarantee business, the Group is working to expand the guaranteed sum outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions. In these efforts, the Group will make the most of its know-how related to credit operations for individuals and corporations and the unique strengths it possesses as an independent organ.

Accounting for the aforementioned factors, the Group secured affiliations with 84 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 55,675 million yen, down 0.1% year on year. The Group commenced affiliations with 97 unsecured business loan companies, and held

guarantees for outstanding loans totaling 26,232 million yen, up 1.1% year on year.

Of the credit guarantee for the unsecured business loan companies, 32,645 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 55,120 million yen (up 0.4% year on year), operating income of 3,700 million yen (compared with operating loss of 44,244 million yen in the previous period), ordinary income of 5,012 million yen (compared with ordinary loss of 42,500 million yen in the previous period) and net income of 5,281 million yen (compared with net loss of 41,434 million yen in the previous period).

#### (LIFECARD Co., Ltd.)

##### Credit card business

In the credit card business, we took measures to actively promote affiliate marketing and attract new members through new tie-up cards to help increase the number of applications for new memberships, as well as expedite the increase in the specified maximum amount of use and encourage membership and usage.

As a result of the above, transactions at the end of the consolidated fiscal year under review were 629,301 million yen, up 12.7% year on year, and the balance of installment receivables stood at 88,965 million yen, up 7.8% year on year. (off-balance sheet installment receivable from the securitization of receivables (964 million yen) have been included.

##### Card Cashing

The total amount of loans outstanding in the LIFECARD's loan business stood at 30,991 million yen, down 0.8% year on year. (off-balance sheet operating loans from the securitization of receivables (1,799 million yen) have been included.

##### Credit guarantee business

In the credit guarantee business, the Group is working to expand the guaranteed sum outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions. In these efforts, the Group will make the most of its know-how related to credit operations for individuals and corporations and the unique strengths it possesses as an independent organ.

As a result, at the end of the consolidated fiscal year under review, there were affiliations with 156 unsecured personal loan companies and guarantees for outstanding loans amounting to 20,433 million yen, down 1.8% year on year. Also, there were affiliations with 31 unsecured business loan companies, and guarantees for outstanding loans totaling 744 million yen, up 36.3% year on year.

As a result, LIFECARD Co.,Ltd operating revenue amounted to 28,347 million yen (up 3.8% year on year), operating income was 1,102 million yen (down 32.8% year on year), ordinary income was 1,140 million yen (down 75.3% year on year) and net income was 1,858 million yen (down 47.3% year on year).

##### (Other)

There were three consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION, AsTry Loan Services Corporation and New Frontier Partners Co. Ltd.) for which operating revenue was 4,701 million yen (up 3.8% year on year), operating income was 624 million yen (down 22.1% year on year), ordinary income was 730 million yen (down 17.7% year on year) and net income was 657 million yen (down 28.4% year on year).

New Frontier Partners Co.,Ltd changed its corporate name to AG Capital Corporation as of April 1, 2016.

##### (Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2015 rise 1.6% compared with the previous fiscal year to 87,708 million yen. The principal components and their movements were interest on loans, which increased 1.1% year on year to 44,255 million yen, revenue from the credit card business, which increased 7.7% to 14,591 million yen and revenue in the credit guarantee business, which increased 9.7% to 12,491 million yen. In contrast, the collection of purchased receivables increased 0.3% to 2,142 million yen while the recovery of loans previously charged off edged down 22.2% to 6,021 million yen.

Operating expenses fell 35.6% compared with the previous fiscal year to 81,032 million yen. The main factors for the decrease were an allowance for losses on interest repayments of 2,897 million yen (down 95.5% year on year).

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating income of 6,676 million yen (compared with operating loss of 39,562 million yen in the previous period), ordinary income of 6,860 million yen (compared with ordinary loss of 36,498 million yen in the previous period), and net income attributable to owners of parent of 7,044 million yen (compared with net loss attributable to owners of parent 36,499 million yen in the previous period).

## **2. Capital Investments**

Capital investments by the Group in the fiscal year under review (consolidated basis) totaled 2,972 million yen. Main items were 490 million yen related to openings of new outlets of the Company, 293 million yen on updating of servers and terminals for sales systems related to the computing systems of the Company and LIFECARD Co., Ltd., 594 million yen on updating of credit management systems, 419 million yen for creation of new card systems, and 211 million yen for updating of online systems.

## **3. Financing**

The Group changed its repayment schedule and obtained continued financial support relating to the 52,700 million yen in remaining debts to creditors in the Business Revitalization Plan that was completed on July 10, 2014. However, as stated in the notice announced on August 25, 2015 titled Notice Concerning Completion of Payment of Debts Pertaining to Credit under Financial Support and the End of Financial Support, the Group completed its payment via borrowing from financial institutions on the same day, and completed financial support measures. We also took measures to diversify and expand fund procurement sources including through syndicated loans and securitization procedures.

As a result of the above, the balance of short-term borrowings (consolidated basis at the fiscal year-end) was 67,990 million yen (up 32.1%), the balance of long-term debt was 149,670 million yen (up 23.0%), the balance of corporate bonds was 31,400 million yen (down 41.6%), and the balance of fund procurement, etc., rose 9.7% to 249,060 million yen.

## **4. Issues to be Addressed**

The Group changed its repayment schedule and obtained continued financial support relating to the 52,700 million yen in remaining debts to creditors in the Business Revitalization Plan that was completed on July 10, 2014. However, as stated in the notice announced on August 25, 2015 titled Notice Concerning Completion of Payment of Debts Pertaining to Credit under Financial Support and the End of Financial Support, the Group completed its payment via borrowing from financial institutions on the same day, and completed financial support measures.

As it addresses interest repayment claims going forward, the AIFUL Group will strive to streamline its business efficiency across the Group, work to further increase the number of new contracts concluded and the operating loan balance, and improve the quality of its loan portfolio. Through these measures, it will seek to bolster the top line.

In addition, the AIFUL Group will strive to further enhance the compliance structure mainly by strengthening its in-house regulatory framework and internal control structures in an effort to diversify its funding sources and adequately address changes in its operating environment to strengthen its financial base in the future.

## 5. Trends in Assets and Income of the Corporate Group

| Item                                                                          | The 36th fiscal<br>year ended<br>March 31, 2013 | The 37th fiscal<br>year ended<br>March 31, 2014 | The 38th fiscal<br>year ended<br>March 31, 2015 | The 39th fiscal<br>year ended<br>March 31, 2016<br>(Consolidated fiscal<br>year under review) |
|-------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Loans to customers<br>(millions of yen)                                       | 390,635                                         | 348,010                                         | 350,017                                         | 376,224                                                                                       |
| Number of customer<br>accounts (accounts)                                     | 887,662                                         | 817,039                                         | 824,342                                         | 861,471                                                                                       |
| Operating revenue<br>(millions of yen)                                        | 99,619                                          | 91,858                                          | 86,352                                          | 87,708                                                                                        |
| Ordinary income (loss)<br>(millions of yen)                                   | 17,646                                          | 24,752                                          | (36,498)                                        | 6,860                                                                                         |
| Net income (loss)<br>attributable to owners<br>of parent (millions of<br>yen) | 22,705                                          | 30,461                                          | (36,499)                                        | 7,044                                                                                         |
| Net income (loss) per<br>share (yen)                                          | ¥47.21                                          | ¥63.34                                          | (¥75.74)                                        | ¥14.59                                                                                        |
| Diluted net income<br>(loss) per share (yen)                                  | ¥47.02                                          | ¥63.00                                          | —                                               | ¥14.57                                                                                        |
| Total assets (millions<br>of yen)                                             | 607,181                                         | 577,339                                         | 560,323                                         | 567,514                                                                                       |
| Net assets (millions of<br>yen)                                               | 105,008                                         | 133,541                                         | 97,475                                          | 104,250                                                                                       |

- (Notes)
1. Off-balance sheet operating loans from the securitization of claims (- million yen in the 36th fiscal year, 26,860 million yen in the 37th fiscal year, 62,367 million yen in the 38th fiscal year, and 60,677 million yen in the 39th fiscal year) have been included in the amount of loans to customers.
  2. The Company carried out a two-for-one stock split of its common stock effective October 1, 2013. Accordingly, net income per share and diluted net income per share were calculated assuming that the stock split had occurred at the beginning of the 36th fiscal year ended March 31, 2013.

## 6. Significant Subsidiaries (as of March 31, 2016)

### (1) Significant Subsidiaries

| Company name                    | Capital      | The Company's percentage of voting rights | Principal business                         |
|---------------------------------|--------------|-------------------------------------------|--------------------------------------------|
| LIFECARD Co., Ltd.              | ¥100 million | 100.00%                                   | Credit sales and credit guarantee business |
| BUSINEXT CORPORATION            | ¥100 million | 100.00%                                   | Small business loan operations             |
| AsTry Loan Services Corporation | ¥600 million | 100.00%                                   | Debt collection business                   |
| New Frontier Partners Co., Ltd. | ¥10 million  | 100.00%                                   | Venture capital business                   |

(Notes) 1. Shares of BUSINEXT CORPORATION are held indirectly through New Frontier Partners Co., Ltd.  
2. New Frontier Partners Co., Ltd. has changed its trade name into AG Capital Co., Ltd. on April 1, 2016.

### (2) Status of specified wholly-owned subsidiaries

No relevant matters

## 7. Principal Business (as of March 31, 2016)

| Segment          |                                   | Principal business                                                 |
|------------------|-----------------------------------|--------------------------------------------------------------------|
| Finance Business | Consumer finance business         | Small, unsecured loan operations for consumers                     |
|                  | Real estate secured loan business | Loan operations secured by real estate                             |
|                  | Small business loan operations    | Loan operations to small and other businesses                      |
|                  | Credit sales business             | Credit card shopping business for consumers                        |
|                  | Credit guarantee business         | Credit guarantee of loans provided by financial institutions, etc. |
|                  | Debt collection business          | Management and collection of a full range of receivables and loans |
| Other            | Venture capital business          | Assessment, investment and support for venture companies           |

## 8. Principal Business Locations (as of March 31, 2016)

|                    |                           |                    |
|--------------------|---------------------------|--------------------|
| The Company        | Head Office               | Shimogyo-ku, Kyoto |
|                    | Tokyo Office              | Minato-ku, Tokyo   |
|                    | Contact Center West Japan | Kusatsu, Shiga     |
| LIFECARD Co., Ltd. | Head Office               | Aoba-ku, Yokohama  |
|                    | Tokyo Office              | Minato-ku, Tokyo   |

## 9. Employees (as of March 31, 2016)

### (1) State of the Group

| Number of employees | Increase (decrease) from previous fiscal year-end |
|---------------------|---------------------------------------------------|
| 1,433 [1,048]       | Increase of 83 [increase of 91]                   |

(Notes) 1. Number of employees is the number of full-time employees.  
2. The number of employees does not include 1,048 temporary employees shown in brackets.

## (2) State of the Company

| Number of employees | Increase (decrease) from previous fiscal year-end | Average age     | Average years of service |
|---------------------|---------------------------------------------------|-----------------|--------------------------|
| 955                 | Increase of 52                                    | 40.39 years old | 13 years and 1 month     |

(Note) The number of employees does not include seconded or temporary employees.

**10. Major creditors (as of March 31, 2016)**

## (1) Major creditors of the Corporate Group

| Creditor                           | Loans extended (In millions of yen) |
|------------------------------------|-------------------------------------|
| Sumitomo Mitsui Trust Bank Limited | 67,675                              |
| Aoyama Capital Co., Ltd            | 47,690                              |
| Aozora Bank, Ltd.                  | 23,495                              |
| Kinki Sangyo Credit Union          | 10,300                              |
| The Tokyo Star Bank, Limited       | 7,959                               |

- (Notes) 1. Loans from Sumitomo Mitsui Trust Bank Limited, Aozora Bank, Ltd., and Kinki Sangyo Credit Union are included in some of the syndicated loans made with Sumitomo Mitsui Trust Bank Limited as manager.
2. Syndicated loans for which Sumitomo Mitsui Trust Bank Limited is the manager are as follows.  
 Syndicated loan (19,000 million yen) from 2 financial institutions  
 Syndicated loan (33,250 million yen) from 2 financial institutions  
 Syndicated loan (10,900 million yen) from 9 financial institutions  
 Syndicated loan (15,000 million yen) from 7 financial institutions
3. In addition to the above, funding of 40,000 million yen was procured through securitization of claims.

## (2) Major creditors of the Company

| Creditor                           | Loans extended (In millions of yen) |
|------------------------------------|-------------------------------------|
| Sumitomo Mitsui Trust Bank Limited | 45,775                              |
| Aozora Bank, Ltd.                  | 23,495                              |
| The Tokyo Star Bank, Limited       | 7,959                               |
| HIGASHI-NIPPON BANK, Ltd.          | 2,000                               |
| The Ehime Bank, Ltd.               | 1,832                               |

- (Notes) 1. Loans from Sumitomo Mitsui Trust Bank Limited and Aozora Bank, Ltd. are included in some of the syndicated loans made with Sumitomo Mitsui Trust Bank Limited as manager.
2. Loans from HIGASHI-NIPPON BANK, Ltd. are included in syndicated loans made with Sumitomo Mitsui Trust Bank Limited as manager.
3. Syndicated loans for which Sumitomo Mitsui Trust Bank Limited is the manager are as follows.  
 Syndicated loan (19,000 million yen) from 2 financial institutions  
 Syndicated loan (33,250 million yen) from 2 financial institutions  
 Syndicated loan (10,900 million yen) from 9 financial institutions
4. In addition to the above, funding of 40,000 million yen was procured through securitization of claims.



## II. Status of the Company

### 1. Status of Shares (as of March 31, 2016)

- (1) Total number of shares authorized to be issued      Common stock      1,136,280,000 shares
- (2) Total number of issued shares      483,794,536 shares  
(including 916,890 shares of treasury stock)
- (3) Number of shareholders      39,622 persons
- (4) Major shareholders (top ten)

| Shareholder name                                     | Number of shares | Shareholding ratio |
|------------------------------------------------------|------------------|--------------------|
|                                                      | thousand shares  | %                  |
| AMG Co., Ltd.                                        | 94,814           | 19.64              |
| Mitsuhide Fukuda                                     | 62,155           | 12.87              |
| Marutaka Co., Ltd.                                   | 24,543           | 5.08               |
| Japan Trustee Services Bank, Ltd. (trust account)    | 16,663           | 3.45               |
| The Master Trust Bank of Japan, Ltd. (trust account) | 14,231           | 2.95               |
| HSBC-FUND SERVICES CLIENTS A/C 500 HKMPF 10PCT POOL  | 10,666           | 2.21               |
| MSCO CUSTOMER SECURITIES                             | 5,003            | 1.04               |
| CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW      | 4,005            | 0.83               |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)           | 3,547            | 0.73               |
| Japan Trustee Services Bank, Ltd. (trust account 1)  | 3,438            | 0.71               |

(Note) The Company's treasury stock was excluded in the calculation of the shareholding ratio.

## 2. Status of Stock Acquisition Rights, etc.

### (1) Stock acquisition rights issued and outstanding held by Directors (as of March 31, 2016)

No relevant matters

### (2) Status of stock acquisition rights issued during the fiscal year under review

Stock acquisition rights approved by the Board of Directors' meeting of June 15, 2015

1) Paid-in amount of stock acquisition rights No payment required

2) Exercise price of stock acquisition rights 20,350 yen per unit

3) Conditions for exercise of stock acquisition rights

- i. Those receiving allocations of stock acquisition rights must have the status of executives or employees of the Company or the Company's subsidiaries when exercising such rights. However, this restriction shall not apply in cases where the employee has retired at retirement age.
- ii. In the event of death of a holder of stock acquisition rights, such rights may not be inherited by his or her heirs.
- iii. Other conditions for exercise of these rights are laid down in the Agreement on Allocation of Stock Acquisition Rights concluded between the Company and holders of such rights.

4) Exercise period of stock acquisition rights July 1, 2017 through June 30, 2019

5) Stock acquisition rights delivered to employees, etc. of the Company

|                                        | Number of stock acquisition rights | Class and number of target shares | Number of recipients |
|----------------------------------------|------------------------------------|-----------------------------------|----------------------|
| Employees of the Company               | 31,017                             | Common stock 1,550,850            | 1,352                |
| Officers and employees of subsidiaries | 660                                | Common stock 33,000               | 31                   |

### (3) Other important matters concerning stock acquisition rights, etc.

No relevant matters

### 3. Company Officers

#### (1) Name, etc. of Directors (as of March 31, 2016)

| Position                                                 | Name             | Responsibilities and significant concurrent positions                                                                                                                                                                                                                              |
|----------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President and Representative Director                    | Yoshitaka Fukuda | Chief Executive Officer, Chairperson of the Risk Management Committee, overseeing the Internal Auditing Department<br>Chairman and Representative Director of LIFECARD Co., Ltd.                                                                                                   |
| Representative Director                                  | Masayuki Sato    | Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department<br>Director of Anshin Guarantor Service Co., Ltd.                                                                                               |
| Director                                                 | Nobuyuki Wakuta  | Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Accounting Division, overseeing the Information Systems Department, supervising the Compliance Department, the General Affairs Department, and the Credit Assessment Department |
| Director                                                 | Kazumitsu Oishi  | Managing Executive Officer, Senior General Manager of the Credit Management Division, overseeing the Guarantee Business Department 1 and the Guarantee Business Department 2<br>President of AsTry Loan Services Corporation                                                       |
| Director                                                 | Tsuguo Nakagawa  | Managing Executive Officer, Senior General Manager of the Loan Business Division                                                                                                                                                                                                   |
| Director                                                 | Mitsuhide Fukuda | Managing Executive Officer<br>President of BUSINEXT CORPORATION                                                                                                                                                                                                                    |
| Director                                                 | Yoshiaki Tanaka  | Executive Officer, overseeing the Management Planning Department, General Manager of the Management Planning Department                                                                                                                                                            |
| Director                                                 | Hiroshi Uemura   | Executive Officer, overseeing the Finance Department                                                                                                                                                                                                                               |
| Director (Member of the Audit and Supervisory Committee) | Masanobu Hidaka  | Corporate Auditor of LIFECARD Co., Ltd.<br>Outside Director of Media Kobo. Inc.                                                                                                                                                                                                    |
| Director (Member of the Audit and Supervisory Committee) | Minoru Kobayashi | Corporate Auditor of LIFECARD Co., Ltd.                                                                                                                                                                                                                                            |
| Director (Member of the Audit and Supervisory Committee) | Haruichi Suzuki  | Director and Attorney-at-law of UEMATSU/SUZUKI Law Office<br>Outside Corporate Auditor of KYOTO TOOL CO., LTD.                                                                                                                                                                     |

- (Notes)
1. The Company has transitioned to a company with Audit and Supervisory Committee on June 23, 2015 in accordance with the resolutions in the 38th General Meeting of Shareholders held on the same day.
  2. Of the Directors who are members of the Audit and Supervisory Committee, Messrs. Masanobu Hidaka and Haruichi Suzuki are candidates for Outside Director stipulated in the Article 2, Paragraph 15 of the Companies Act. The Company has designated the above two persons as independent director under the provisions of the Tokyo Stock Exchange, and has registered them at the aforementioned Exchange.
  3. Mr. Masanobu Hidaka, a Director who is a member of the Audit and Supervisory Committee, has experience of taxation administration at the National Tax Agency of Japan, and has considerable financial and accounting knowledge.

4. No material conflict of interest exists between Media Kobo, Inc. and the Company.
5. No material conflict of interest exists between UEMATSU/SUZUKI Law Office and the Company.
6. No material conflict of interest exists between KYOTO TOOL CO., LTD. and the Company.
7. Mr. Masanobu Hidaka and Mr. Minoru Kobayashi have been selected as standing members of the Audit and Supervisory Committee in light of their work in developing an effective environment for auditing, etc. and collection of internal information.
8. Significant changes in Directors' duties and concurrent positions from the day after the end of the fiscal year under review are as follows.

| Name             | Responsibilities and significant concurrent positions                                                                                                                                                                                                                                                                                                                                      | Date of change |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Masayuki Sato    | Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, supervising the Personnel Department<br>Director of Anshin Guarantor Service Co., Ltd.                                                                                                                                                                                                      | April 1, 2016  |
| Nobuyuki Wakuta  | Managing Executive Officer                                                                                                                                                                                                                                                                                                                                                                 | April 1, 2016  |
| Kazumitsu Oishi  | Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, Senior General Manager of the Accounting Division, supervising the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department, the General Affairs Department and the Credit Assessment Department | April 1, 2016  |
| Tsuguo Nakagawa  | Managing Executive Officer, Senior General Manager of the Loan Business Division, supervising the Marketing Department                                                                                                                                                                                                                                                                     | April 1, 2016  |
| Mitsuhide Fukuda | Managing Executive Officer, overseeing the Guarantee Business Department 1 and the Guarantee Business Department 2<br>President of AsTry Loan Services Corporation<br>President of BUSINEXT CORPORATION                                                                                                                                                                                    | April 1, 2016  |
| Hiroshi Uemura   | Executive Officer, supervising the Finance Department                                                                                                                                                                                                                                                                                                                                      | April 1, 2016  |
| Minoru Kobayashi | —                                                                                                                                                                                                                                                                                                                                                                                          | April 1, 2016  |

**(2) Names, etc. of Directors and Corporate Auditors who retired during the fiscal year**

| Position within the Company at time of retirement | Name               | Responsibilities and significant concurrent positions at time of retirement | Date of retirement |
|---------------------------------------------------|--------------------|-----------------------------------------------------------------------------|--------------------|
| Director                                          | Toshikazu Moriwaki | Managing Executive Officer                                                  | April 30, 2015     |
| Corporate Auditor                                 | Masanori Nagasawa  | Attorney-at-law of Nagasawa Law Office                                      | June 23, 2015      |

(Note) Director Toshikazu Moriwaki retired due to resignation.

**(3) Summary of the Agreement on Limitation of Liabilities**

The Company has concluded agreements on limitation of liability with Haruichi Suzuki, an Outside Director who is a member of the Audit and Supervisory Committee, pursuant to Article 427, Paragraph 1 of the Companies Act to limit the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act.

The maximum amount of liability stipulated in Article 423, Paragraph 1 of the Companies Act is the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act.

**(4) Remuneration to Directors and Corporate Directors**

| Position                                                                                          | Persons compensated | Total payment (In millions of yen) |
|---------------------------------------------------------------------------------------------------|---------------------|------------------------------------|
| Directors (excluding those who are members of the Audit and Supervisory Committee)                | 8                   | 126                                |
| Directors who are members of the Audit and Supervisory Committee<br>(Of which, Outside Directors) | 3<br>(2)            | 25<br>(17)                         |
| Corporate Auditors<br>(Of which, Outside Directors)                                               | 3<br>(2)            | 8<br>(5)                           |
| Total                                                                                             | 14                  | 160                                |

- (Notes)
1. The above includes Directors and Corporate Auditors who retired during the fiscal year under review. In addition, the Company transitioned from a company with board of company auditors system to a company with audit and supervisory committee system on June 23, 2015.
  2. Director remuneration decisions are made by resolution of the Board of Directors (except for members of the Audit and Supervisory Committee). Remuneration decisions for Directors who are members of the Audit and Supervisory Committee are made through consultation with the said Committee. The Company has a policy of ensuring that remuneration for officers, etc. will act not merely as remuneration for the fulfillment of their duties but also effectively as an incentive for medium- and long-term improvement in corporate financial results and corporate value on the basis of our management philosophy of *Earn the trust of society through corporate activity based in integrity*. In accordance with this policy, the Company has adopted the remuneration system described below.
    - The remuneration for Directors (excluding those who are members of the Audit and Supervisory Committee) consists of the fixed amount of base remuneration and a variable amount of performance-linked remuneration. Remuneration tables have been formulated for the individual remuneration ranks. The amount of base remuneration is based on the remuneration rank, whereas the performance-linked remuneration is calculated by multiplying the standard amount for the remuneration rank by the factor based on the appraisal of the specific Director and the factor based on the corporate financial results. A predetermined percentage of the remuneration is contributed to the officers' shareholding association in the form of stock options. The Company requires Directors to retain the treasury shares they obtain in order to heighten the linkage between the remuneration and the share price. This is intended to boost their motivation to increase the share price and the financial results, as well as to expand the corporate value.
    - The remuneration for Directors who are members of the Audit and Supervisory Committee consists solely of the base remuneration, without variation depending on the business performance and other factors, in consideration of their independence.
    - The Company will revise the remuneration system and the remuneration standards as appropriate in view of the business circumstances, financial results and other factors.
  3. An upper limit on remuneration for each Director (excluding those who are members of the Audit and Supervisory Committee) determined by a resolution of the General Meeting of Shareholders (June 23, 2015) is 500 million yen per year.
  4. An upper limit on remuneration for each Director who is a member of the Audit and Supervisory Committee determined by a resolution of the General Meeting of Shareholders (June 23, 2015) is 80 million yen per year.
  5. An upper limit on remuneration for each Corporate Auditor determined by a resolution of the General Meeting of Shareholders (June 26, 2002) is 80 million yen per year.
  6. As of the end of the consolidated fiscal year under review, the number of Directors (excluding those who are members of the Audit and Supervisory Committee) is eight and the number of Directors who are members of the Audit and Supervisory Committee is three (including two Outside Directors).

## **(5) Outside Officers**

Main activities during the fiscal year

Mr. Masanobu Hidaka, a Director who is a member of the Audit and Supervisory Committee, participated in all 22 meetings of the Board of Directors held after assuming the office, and Mr. Haruichi Suzuki, a Director who is a member of the Audit and Supervisory Committee, participated in 19 of the 22 meetings of the Board of Directors held after assuming the office; both Directors who are members of the Audit and Supervisory Committee provide opinions when deemed appropriate. Additionally, both of the above two persons participated in all 10 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2016; both Directors who are members of the Audit and Supervisory Committee engage in consultation, etc. in important matters related to auditing.

Before transition to a company with Audit and Supervisory Committee, Corporate Auditor Masanobu Hidaka participated in all 9 meetings of the Board of Directors and Corporate Auditor Masanori Nagasawa participated in 8 of the 9 meetings of the Board of Directors, and both Corporate Auditors provided opinions when deemed appropriate. Additionally, both Corporate Auditors participated in all 5 meetings of the Board of Corporate Auditors, and they both engaged in consultation, etc., on important audit-related matters.

## 4. Accounting Auditor

### (1) Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

### (2) Accounting Auditor's Remuneration, etc. for the Fiscal Year Ended March 31, 2016

|                                                                                         | Payments (In millions of yen) |
|-----------------------------------------------------------------------------------------|-------------------------------|
| Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2016        | 59                            |
| Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor | 91                            |

(Notes) 1. Hibiki Audit Corporation serves as Accounting Auditor for AsTry Loan Services Corporation, one of the Company's subsidiaries.

2. The audit engagement agreements between the Company and the Accounting Auditor does not distinguish between remuneration and other fees for audits performed pursuant to the Companies Act and remuneration and other fees for audits performed pursuant to the Financial Instruments and Exchange Act, and since it is impossible to make such a distinction, the Remuneration, etc. for the fiscal year ended March 31, 2016 is the total figure for both audits.

### (3) Policy Regarding Determination of Dismissal or Non-reappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to fall under any of the grounds set forth in the provisions of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee, after consultation by the Committee, shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the members of the Audit and Supervisory Committee. In such case, the members of the Audit and Supervisory Committee selected by said Committee shall report the purpose and reason for termination of the appointment of the Accounting Auditor at the first regular General Meeting of Shareholders convened after such termination.

In the event that reasonable circumstances arise that are deemed to hinder the due performance of duties by the Accounting Auditor, a proposal for dismissal or non-reappointment of the Accounting Auditor shall be submitted to the General Meeting of Shareholders based on the decisions of the Audit and Supervisory Committee.

### (4) Reason for agreement of the Audit and Supervisory Committee to the Accounting Auditor's remuneration, etc.

Based on the practical guidelines on cooperation with accounting auditors published by Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee receives necessary reports from the Directors, relevant internal offices and the Accounting Auditor. As a result of discussion on the audit plan and the performance of duties of the Accounting Auditor in preceding business years, as well as bases for calculation, etc. of the estimate for remuneration, the Audit and Supervisory Committee have given consent as provided by Article 399, Paragraph 1 of the Companies Act regarding remuneration, etc. of the Accounting Auditor.

## 5. Company's Systems and Policies

### (1) System to Ensure Proper Execution of Business

Based on the above systems, the following resolutions were passed by the Board of Directors

#### **Basic Views on Overall Internal Control**

The AIFUL Group understands that a key objective of corporate governance is to achieve corporate management with transparency, impartiality and efficiency by conducting corporate activities premised on compliance in accordance with our management philosophy of *Earn the trust of society through corporate activity based in integrity* to contribute to the development of the economy and society and thereby to gain the trust of society.

With the aim of steadily realizing the principle and objectives by taking into account all the circumstances surrounding the AIFUL Group, including the market environment, economic trends, the revision of related laws and regulations and other business environments, the Company establishes a basic policy for the development of an internal control system as follows.

Moreover, the Board of Directors shall review the basic policy in an appropriate manner in accordance with changes in the business environment and other factors, and shall make continual efforts to maintain and improve the effectiveness of the basic policy.

#### **1) Structure to ensure that the Company's directors and employees and the directors and employees of the Company's subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation**

- With the aim of developing a corporate culture in which business activities are carried out in compliance with laws and regulations and the Articles of Incorporation and with a sense of ethics, by establishing management principles, action guidelines, internal rules and other regulations related to compliance, develop a structure in which the compliance status of each director and division and the appropriateness of the execution of duties are audited and supervised in an appropriate manner in accordance with the relevant internal rules and other regulations.
- The Compliance Committee has been established for the purposes of building a compliance structure and preventing the violation of laws and ordinances. A person approved by the Board of Directors acts as its head, and its other members consist mainly of outside specialists. Its meetings are organized regularly in order to implement the necessary remedial measures and actions for raising awareness throughout the company. The Compliance Committee delivers reports on the circumstances to the Board of Directors as appropriate.
- By establishing a Group Compliance Committee, establish an integrated compliance structure (including lectures and training) with the common understanding of the AIFUL Group.
- To carry out internal audits on the practice status of compliance and the appropriateness of the operations of the AIFUL Group, develop a structure in which the results of internal audits are reported in an appropriate manner to the Board of Directors and the Audit and Supervisory Committee by establishing an internal auditing department. Moreover, the Company's Internal Auditing Department shall carry out internal audits on companies in the AIFUL Group when necessary.
- Develop a structure where if the violation of laws and regulations, the Articles of Incorporation and internal rules or other important facts are identified, or if such a situation is potentially taking place, reports are immediately made to the Audit and Supervisory Committee and reports are also made to the Board of Directors without delay.
- Ensure the effectiveness of the whistle-blower system pursuant to the Whistle-Blower Protection Act by establishing various hotlines as a desk for supporting whistle-blowing and consulting in relation to the violation of laws and regulations and the Articles of Incorporation of the AIFUL Group and other activities, and by developing internal rules.
- To prevent damage from antisocial forces that impair the order and safety of society, develop a structure in which any relationship with antisocial forces is intercepted and unreasonable demands are rejected and dealt with in a firm manner.

#### **2) Structure related to the maintenance and management of information regarding the execution of duties of the Company's directors**

- Develop a structure in which documents related to the execution of duties of the directors and the related documents (including electromagnetic records) and other various information containing trade secrets and personal information are managed and maintained in the designated location for the designated maintenance period by establishing a range of internal rules related to security and



management and maintenance, and by limiting the persons who handle such documents and information in accordance with the classification of secrets and other matters.

- To ensure the appropriateness of the management and maintenance of various information, develop and obtain confidentiality pledges from the directors and employees on a regular basis, and develop a structure in which the Internal Auditing Department carries out monitoring on a regular basis.

**3) Rules and other structures related to the management of risks of losses for the Company and its subsidiaries**

- To understand all the risks that threaten sustainable corporate development and establish a total risk management structure for the AIFUL Group, establish a Risk Management Committee as an organization under the direct control of the Board of Directors.
- Develop a structure in which the Risk Management Committee continually understands risks by regularly obtaining reports about risk information from each company in the AIFUL Group, and in which it carries out appropriate risk management with the cooperation of the related departments.
- Develop a structure in which measures at the time of the occurrence of emergency events are able to be taken promptly and appropriately by establishing measures in accordance with the types of risks, such as large-scale natural disasters and failures of core IT systems.

**4) Structure to ensure the efficient execution of duties of the directors of the Company, the directors of the Company's subsidiaries and other parties**

- Finalize a medium-term management plan and a management plan for each fiscal year and confirm the progress of such plans at meetings of the Board of Directors on a regular basis (monthly, quarterly, semiannually and annually).
- To ensure the efficiency and appropriateness of the Board of Directors, stipulate internal rules related to the operation of the Board of Directors.
- Ensure the efficiency of the Directors in executing their duties by introducing an executive officer system and clarifying the scope of their responsibilities and decision-making procedures.
- Establish departments overseeing the management of the Company's subsidiaries, and develop a structure in which the relevant departments hold discussions about certain important matters, exchange information and carry out other matters with the Company's subsidiaries, which will contribute to the appropriate and efficient management of the Company's subsidiaries and the AIFUL Group as a whole.

**5) Structure related to the matters of reports to the Company on the execution of duties of the directors, etc. of the Company's subsidiaries**

- By holding meetings of the officers and managers of the AIFUL Group on a regular basis, seek to exchange information and share management plans and basic policies for important measures related to the overall AIFUL Group. The Company shall request that each subsidiary make reports to the Company on the situation of the execution of duties, the financial situation and other matters on a regular basis.
- By setting out internal rules that clarify the authority, responsibilities and other matters related to the decision making of each company in the AIFUL Group, develop a structure in which applications for approval and reports on the decision making of important management matters and other matters are made to the Company.

**6) Structure to ensure the appropriate operations of the corporate group comprised of the Company and its subsidiaries**

- To ensure that the unified basic concept of corporate ethics is common knowledge in the AIFUL Group, stipulate and fully comply with the management principles and other codes of conduct related to compliance that are commonly shared in the AIFUL Group. Moreover, to carry out operational management that is unified throughout the AIFUL Group, establish internal rules that govern the group.

**7) Matters related to the directors and employees who are expected to support the duties of the audit and supervisory committee, matters related to the independence of the relevant directors and employees from other directors (excluding those directors who are members of the audit and supervisory committee), and matters related to ensuring the effectiveness of the instructions of the audit and supervisory committee with regard to the directors and employees**

- Establish an Auditor's office as an organization as the exclusive body for supporting the duties of the

audit and supervisory committee and, to ensure the independence and effectiveness of the office, stipulate provisions in the internal rules whereby, in carrying out their duties, the employees who belong to the audit and supervisory committee (the “Supporting Employees”) shall not follow instructions or orders from the directors (excluding those who are members of the audit and supervisory committee), and the agreement of the audit and supervisory committee shall be obtained when determining the personnel evaluations, personnel transfers and penalty measures of the Supporting Employees.

- To ensure the appropriate implementation of the duties of the audit and supervisory committee, develop a structure in which the Internal Auditing Department carries out supporting operations in accordance with requests made by the audit and supervisory committee.

**8) A structure in which the directors (excluding those who are members of the audit and supervisory committee) and employees of the Company and the directors, employees and auditors of the Company’s subsidiaries make reports to the Company’s audit and supervisory committee, a structure in which other matters are reported to the Company’s audit and supervisory committee, and a structure that ensures that persons who make reports to the Company’s audit and supervisory committee do not receive disadvantageous treatment as a result of making such reports**

- To seek to achieve close information sharing between the audit and supervisory committee and the directors (excluding those who are members of the audit and supervisory committee) and employees of the Company and the directors, employees and auditors of the Company’s subsidiaries, develop a structure in which the directors who are members of the Company’s audit and supervisory committee are able to participate and express their views in the meetings of the Board of Directors and other various meetings and, when necessary, upon the receipt of requests for explanations, the directors (excluding those who are members of the audit and supervisory committee) and employees of the Company and the directors, employees and auditors of the Company’s subsidiaries are able to respond appropriately.
- Develop a structure in which, if the directors (excluding those who are members of the audit and supervisory committee) and employees of the Company and the directors, employees and auditors of the Company’s subsidiaries identify violations of the Articles of Incorporation and the internal rules and other important facts, or if they consider that there are possibilities of the occurrence of such violations or facts, they immediately report the matters to the Company’s audit and supervisory committee, or the departments that receive such reports make reports to the Company’s audit and supervisory committee.
- Develop a structure in which the situation of internal control and accounting standards related to financial reports, the situation of the activities of the Internal Auditing Department, the situation of the activities of auditors of the Company’s subsidiaries and other matters are reported to the audit and supervisory committee where necessary.
- Develop a structure in which the Company’s audit and supervisory committee is able to examine, where necessary, sanction requests, reports and other documents that are submitted by each department to the departments in charge.
- The directors (excluding those who are members of the audit and supervisory committee) and employees of the Company and the directors, employees and auditors of the Company’s subsidiaries may report directly to the audit and supervisory committee, and the prohibition on treating parties disadvantageously on the grounds of making such reports shall be stated in the internal rules and other regulations.

**9) Structure to ensure that the Company’s audit and supervisory committee effectively audits the procedures for advance payments or the reimbursement of expenses incurred in the execution of duties of the directors who are members of the audit and supervisory committee, expenses incurred in relation to the execution of other duties, matters related to policies on the disposal of debts and other matters**

- Develop a structure in which the audit and supervisory committee receives reports and explanations on accounting audits from the accounting auditors, and the committee interviews the status of auditing where necessary.
- By ensuring the structure for cooperation between the Internal Auditing Department and the audit and supervisory committee, seek to establish an effective auditing structure to check and promptly identify unjust and unfair activities.
- Develop a structure in which the directors and employees respond promptly and appropriately in

- cases where the audit and supervisory committee requests explanation or reports regarding operations.
- The Company shall be responsible for expenses incurred by the audit and supervisory committee in executing its duties, such as the use of external specialists, including lawyers.
- If the audit and supervisory committee makes requests to the Company for advance payments for expenses and other matters in relation to the execution of its duties based on the Article 399-2, Paragraph 4 of the Companies Act, the Company shall promptly pay the relevant expenses or debts, except in cases where the relevant expenses or debts are not necessary for the execution of the duties of the directors who are members of the audit and supervisory committee.

## **(2) Summary of the operational status of frameworks to ensure appropriate operations**

### **1) Compliance structure**

- The Compliance Committee was held 11 times, and compiled a compliance program, engaged in awareness-raising, management and validation activities, and reported on the status of operations to the Board of Directors as necessary.  
The Group Compliance Committee was held twice, and produced progress reports as well as shared information.
- The Internal Auditing Department performed audits of each division of the Group, reported the results to the Board of Directors' and Audit and Supervisory Committee, and made proposals on improvement measures as necessary.
- The Company formulated reporting rules in the event of discovery, etc. of violations of laws and regulations, the Articles of Incorporation and internal rules and other major issues. It also established an internal whistle-blowing system, drawn up and publicized rules that prohibit actions prejudicial to the interests of whistle-blowers, and has taken measures for prevention and early detection of incidents.
- The Company formulated and made public basic policy relating to exclusion of anti-social forces, as well as carried out prior review and post-event verification of business partners including customers.

### **2) Storage and management of information**

- Operations followed internal rules relating to the security, management and storage of a variety of information, and the Internal Auditing Department carried out regular audits to verify their appropriateness.

### **3) Risk management system**

- The Risk Management Committee manages risk information by receiving reports on them from each company in the Group. In light of recent changes in business conditions, the Company is carrying out an overall re-examination of risks.
- It prepares a contingency plan and written procedures, etc. for emergency situations, carries out and continuously updates them by carrying out trainings for disaster-response and cyber security, and takes measures to maintain and ensure their practical effectiveness.

### **4) System for ensuring effective performance of duties**

- Internal rules governing Board of Directors' meetings are laid down and implemented to ensure the efficiency and appropriateness of Board of Directors. Amendments are made as deemed appropriate. Through the introduction of the executive officer system, the Company is striving to improve efficiency of decision-making by separating the function of monitoring and execution of duties. The Board of Directors decides on the medium-term management plan and business plans for individual fiscal years, and confirms and manages progress on a regular basis at a monthly briefing meeting.

### **5) Group management framework**

- The AIFUL Group has compiled a shared management philosophy and compliance action guidelines, along with internal regulations for the whole Group. At the same time, it carries out deliberations and exchange of information, etc., about certain important matters with the Subsidiary Management Department as the managing division for Group subsidiaries.
- AIFUL Groupwide meetings and regular meetings are held, and Groupwide business plans and basic policies underpinning important measures are shared. In addition, approval applications, etc. are received regarding decisions on important matters, and reports are received on other performance of duties and financial position.

#### **6) Audit system**

- Members of the Audit and Supervisory Committee attend Board of Directors' meetings, Management Committee and other important meetings and receive reports on the execution of duties from Directors and executive officers, etc., and monitors the process and content of decision-making.
- Members of the Audit and Supervisory Committee hold regular meetings with the representative director, Internal Auditing Department, Accounting Department, Compliance Department and Subsidiary Management Department and are briefed on the status of execution of duties.
- Members of the Audit and Supervisory Committee hold regular meetings with the Accounting Auditor, receive reports on accounting audit, and are briefed on the audit status.
- Audit and Supervisory Committee Members hold regular meetings with Corporate Auditors of subsidiaries, etc., and exchange information. They also attend regular meetings of subsidiaries, and receive reports.

#### **(3) Policy regarding distribution of surplus**

Recognizing return of profit to all shareholders as one of the most important management issues, the Company has a basic policy of ensuring stable internal reserves and continuous payment of profits in light of business performance, while aiming to maximize shareholder returns and value through medium to long-term growth in earnings.

However, given the continuing onerous funding burden due to demands for repayment of interest claims, the Company sincerely regrets to announce that no dividend is to be paid during the fiscal year under review or the next fiscal year, and asks for the understanding and cooperation of all shareholders.

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Election of Eight Directors (Excluding Those Who Are Members of the Audit and Supervisory Committee)

The terms of office of all eight Directors (excluding those who are members of the Audit and Supervisory Committee) will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of eight Directors (excluding those who are members of the Audit and Supervisory Committee) is proposed.

The candidates for Directors (excluding those who are members of the Audit and Supervisory Committee) are as follows:

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                        | Name<br>(Date of birth)                | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of<br>shares of the<br>Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                          | Yoshitaka Fukuda<br>(October 14, 1947) | <p>April 1967      Founded Matsubara Sangyo</p> <p>February 1976      President and Representative Director, Oasa, Inc.</p> <p>May 1982      President and Representative Director, the Company, due to merger</p> <p>April 2007      President and Representative Director, Chairperson of the Risk Management Committee</p> <p>June 2007      President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee</p> <p>June 2011      Chairman and Representative Director of LIFECARD Co., Ltd. (Current)</p> <p>April 2014      President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, overseeing the Internal Auditing Department (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>Chairman and Representative Director of LIFECARD Co., Ltd.</li> </ul> | 3,207,899<br>shares                        |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Fukuda, founder of the Company and Representative Director of LIFECARD Co., Ltd. as candidate for Director, given his role in decision-making in major issues and monitoring of the execution of duties, and his abundant experience and insight of the Company's management.</p> |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Name<br>(Date of birth)              | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Number of<br>shares of the<br>Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Masayuki Sato<br>(September 9, 1957) | <p>February 1996 General Manager of the Management Planning Department, the Company</p> <p>April 1999 Assistant General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>June 1999 Director, Assistant General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>April 2000 Director, Assistant General Manager of the Loan Business Division, overseeing the Credit Sales Business Department</p> <p>October 2000 Director, overseeing the Credit Sales Business Department</p> <p>April 2001 Director</p> <p>April 2005 Director, overseeing the Marketing Department</p> <p>April 2006 Director</p> <p>April 2008 Director and Executive Officer, overseeing the Business Development Department</p> <p>June 2008 Director and Managing Executive Officer, overseeing the Business Development Department</p> <p>April 2010 Director and Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department</p> <p>June 2010 Director of Chintai Anshin Guarantor Service Co., Ltd. (currently Anshin Guarantor Service Co., Ltd.) (Current)</p> <p>April 2011 Director and Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department, General Manager of the Personnel Department</p> <p>June 2011 Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department, General Manager of the Personnel Department</p> <p>July 2011 Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department</p> <p>April 2013 President of BUSINEXT CORPORATION</p> <p>June 2014 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, overseeing the Personnel Department</p> <p>April 2016 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, supervising the Personnel Department (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Director of Anshin Guarantor Service Co., Ltd.</li> </ul> | 144,913 shares                             |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Sato as candidate for Director based on his abundant experience and insight regarding the overall business of the Company cultivated through his long involvement in the Company's business as a Director, and his experiences as Senior General Manager of the Management Planning Division overseeing corporate strategy as well as his service as Director of the group companies in Japan and overseas.</p> |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                            |

| No.                                                                                                                                                                                                                                                                                | Name<br>(Date of birth)                | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Number of<br>shares of the<br>Company held |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 3                                                                                                                                                                                                                                                                                  | Kazumitsu Oishi<br>(September 9, 1955) | <p>April 1996 General Manager of the Credit Department, the Company</p> <p>April 1998 General Manager of the Kinki Office, the Loan Business Division</p> <p>October 2000 General Manager attached to the Personnel Department, the Personnel Division</p> <p>June 2001 Director</p> <p>April 2005 Director, Senior General Manager of the Loan Business Division</p> <p>June 2007 Executive Officer, Senior General Manager of the Loan Business Division</p> <p>June 2011 Managing Executive Officer, Senior General Manager of the Loan Business Division</p> <p>June 2012 Director and Managing Executive Officer, Senior General Manager of the Loan Business Division</p> <p>April 2015 Director and Managing Executive Officer, Senior General Manager of the Credit Management Division, overseeing the Guarantee Business Department 1 and the Guarantee Business Department 2</p> <p>April 2015 President of Astry Loan Services Corporation</p> <p>April 2016 Director and Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, Senior General Manager of the Accounting Division, supervising the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department, the General Affairs Department and the Credit Assessment Department (Current)</p> | 102,146 shares                             |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Oishi as a candidate for Director given his abundant experience and insight of the overall businesses of the Company.</p> |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |

| No.                                                                                                                                                                                                                                                                                   | Name<br>(Date of birth)               | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Number of<br>shares of the<br>Company held |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 4                                                                                                                                                                                                                                                                                     | Tsuguo Nakagawa<br>(January 15, 1958) | <p>February 1996 General Manager of the Public Relations Department, the Company</p> <p>October 1998 General Manager of the East Japan Office</p> <p>October 2002 General Manager of the Credit Management Department</p> <p>April 2005 General Manager of the Credit Department</p> <p>April 2006 General Manager attached to the Personnel Department, the Personnel Division</p> <p>June 2006 Director, overseeing the Examination Department and the Credit Department</p> <p>April 2007 Director, Senior General Manager of the Credit Management Division</p> <p>June 2007 Executive Officer, Senior General Manager of the Credit Management Division</p> <p>June 2011 Managing Executive Officer, Senior General Manager of the Credit Management Division</p> <p>June 2012 Director and Managing Executive Officer, Senior General Manager of the Credit Management Division</p> <p>April 2014 President of Astry Loan Services Corporation</p> <p>April 2015 Director and Managing Executive Officer, Senior General Manager of the Loan Business Division</p> <p>April 2016 Director and Managing Executive Officer, Senior General Manager of the Loan Business Division, supervising the Marketing Department (Current)</p> | 114,198 shares                             |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Nakagawa as a candidate for Director given his abundant experience and insight of the overall businesses of the Company.</p> |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |
| 5                                                                                                                                                                                                                                                                                     | Mitsuhide Fukuda<br>(June 16, 1980)   | <p>April 2003 Joined Daiwa Securities Co., Ltd.</p> <p>April 2009 Joined OGI Capital Partners, Ltd.</p> <p>June 2011 Executive Officer, overseeing the Subsidiary Management Department, the Company</p> <p>June 2012 Director and Executive Officer, overseeing the Subsidiary Management Department</p> <p>April 2014 Director and Executive Officer</p> <p>April 2014 President of BUSINEXT CORPORATION (Current)</p> <p>June 2014 Director and Managing Executive Officer</p> <p>April 2016 Director and Managing Executive Officer, overseeing the Guarantee Business Department 1 and the Guarantee Business Department 2 (Current)</p> <p>April 2016 President of AsTry Loan Services Corporation (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• President of AsTry Loan Services Corporation</li> <li>• President of BUSINEXT CORPORATION</li> </ul>                                                                                                                                                                                                                                                                                                                           | 62,157,803 shares                          |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Fukuda as a candidate for Director given his wealth of operation experience and insight cultivated in other sectors.</p>     |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |



| No.                                                                                                                                                                                                                                                                                                                                        | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                    | Past experience, positions, and responsibilities<br>(significant concurrent positions) |                                                                                                                                                                                                                                                                                                 | Number of<br>shares of the<br>Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6                                                                                                                                                                                                                                                                                                                                          | Yoshiaki Tanaka<br>(September 19, 1959)                                                                                                                                                                                                                                                                                                    | April 1983                                                                             | Joined The Sumitomo Trust & Banking Co., Ltd.<br>(currently Sumitomo Mitsui Trust Bank Limited)                                                                                                                                                                                                 | 1,822<br>shares                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | September 2006                                                                         | Sales Manager, Division 6, Tokyo Branch of The<br>Sumitomo Trust & Banking Co., Ltd.                                                                                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | June 2007                                                                              | General Manager, Sapporo Branch of The Sumitomo Trust<br>& Banking Co., Ltd.                                                                                                                                                                                                                    |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | May 2009                                                                               | Sales Manager, Division 5, Tokyo Branch of The<br>Sumitomo Trust & Banking Co., Ltd.                                                                                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | April 2012                                                                             | Sales Manager, Division 6, the Main Branch of The<br>Sumitomo Trust & Banking Co., Ltd.                                                                                                                                                                                                         |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | April 2015                                                                             | Executive Officer, overseeing the Management Planning<br>Department, General Manager of the Management<br>Planning Department, the Company                                                                                                                                                      |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | June 2015                                                                              | Director and Executive Officer, overseeing the<br>Management Planning Department, General Manager of<br>the Management Planning Department (Current)                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            | [Reasons for selecting the candidate for Director]<br>In light of his past experience, position and responsibilities, the Company renominates Mr. Tanaka as a<br>candidate for Director in the expectation that he will bring to bear at the Company his wealth of operational<br>experience and insight gained at financial institutions. |                                                                                        |                                                                                                                                                                                                                                                                                                 |                                            |
| 7                                                                                                                                                                                                                                                                                                                                          | Hiroshi Uemura<br>(May 16, 1961)                                                                                                                                                                                                                                                                                                           | April 1985                                                                             | Joined The Nippon Credit Bank, Limited (currently<br>Aozora Bank, Ltd.)                                                                                                                                                                                                                         | 2,110<br>shares                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | September 2005                                                                         | Senior Relationship Manager of Group 11 of Corporate<br>Business Division 1 of the Corporate Banking Division,<br>Senior Relationship Manager of Corporate Business<br>Department 1, Sapporo Branch, Corporate Business<br>Division 1 of the Corporate Banking Division of Aozora<br>Bank, Ltd. |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | October 2007                                                                           | Senior Relationship Manager of Group 11 of Corporate<br>Business Division 1 of the Corporate Banking Division of<br>Aozora Bank, Ltd.                                                                                                                                                           |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | April 2009                                                                             | Manager of the Workout Division of Aozora Bank, Ltd.                                                                                                                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | August 2010                                                                            | General Manager of the Workout Division of Aozora<br>Bank, Ltd.                                                                                                                                                                                                                                 |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | April 2015                                                                             | Executive Officer, overseeing the Finance Department, the<br>Company                                                                                                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                            | June 2015                                                                              | Director and Executive Officer, overseeing the Finance<br>Department                                                                                                                                                                                                                            |                                            |
|                                                                                                                                                                                                                                                                                                                                            | April 2016                                                                                                                                                                                                                                                                                                                                 | Director and Executive Officer, supervising the Finance<br>Department (Current)        |                                                                                                                                                                                                                                                                                                 |                                            |
| [Reasons for selecting the candidate for Director]<br>In light of his past experience, position and responsibilities, the Company renominates Mr. Uemura as a<br>candidate for Director in the expectation that he will bring to bear at the Company his wealth of operational<br>experience and insight gained at financial institutions. |                                                                                                                                                                                                                                                                                                                                            |                                                                                        |                                                                                                                                                                                                                                                                                                 |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Name<br>(Date of birth)          | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                              | Number of<br>shares of the<br>Company held |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 8                                                                                                                                                                                                                                                                                                                                                                                                                                                        | *Keiji Masui<br>(March 24, 1963) | <p>October 2002 Acting Manager of the Finance Department, the Company</p> <p>April 2005 General Manager of the Kinki Loan Business Department</p> <p>July 2007 General Manager of the Loan Business Planning and Promotion Department</p> <p>January 2010 General Manager of the Subsidiary Management Department</p> <p>April 2014 Executive Officer (Current)</p> | 47,405<br>shares                           |
| <p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Masui as a candidate for Director given his wealth of operational experience and insight from management involvement in the loan business and finance divisions of the Company, and in expectation that he will bring this rich experience and insight to bear in management as a Director.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                     |                                            |

- (Notes)
1. The candidate for Director Yoshitaka Fukuda concurrently serves as Chairman and Representative Director of LIFECARD Co., Ltd. LIFECARD Co., Ltd. and the Company have business transaction relationships.
  2. The candidate for Director Masayuki Sato concurrently serves as Director of Chintai Anshin Guarantor Service Co., Ltd. Chintai Anshin Guarantor Service Co., Ltd. and the Company have business transaction relationships.
  3. The candidate for Director Mitsuhide Fukuda concurrently serves as President of Astry Loan Services Corporation and as President of BUSINEXT CORPORATION. The two companies and the Company have business transaction relationships.
  4. No material conflict of interest exists between the Company and other candidates for Directors.
  5. The number of shares held by the candidate is the actual number of shares that includes shares held under the AIFUL employee shareholding program.
  6. \* indicates a new candidate for Director.

## Proposal No. 2: Election of One Director Who Is a Member of the Audit and Supervisory Committee

The terms of office of Mr. Minoru Kobayashi, a Director who is a member of the Audit and Supervisory Committee, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one Director who is a member of the Audit and Supervisory Committee is proposed.

The Audit and Supervisory Committee has previously given its approval to this proposal.

The candidate for Director who is a member of the Audit and Supervisory Committee is as follows:

| Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Number of<br>shares of the<br>Company held |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| *Minoru Shimamura<br>(May 27, 1958)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>April 2006 General Manager of the Subsidiary Management Department, the Company</p> <p>April 2007 General Manager of the Marketing Department</p> <p>January 2010 General Manager of the Credit Management Promotion Department</p> <p>October 2012 General Manager of the Credit Management Promotion Department and General Manager of the Collateral Management Department</p> <p>April 2014 General Manager of the Personnel Department</p> <p>April 2016 General Manager of the Audit and Supervisory Committee Office (Current)</p> <p>April 2016 Corporate Auditor, LIFECARD Co., Ltd. (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Corporate Auditor, LIFECARD Co., Ltd.</li> </ul> | 14,832 shares                              |
| <p>[Reasons for selecting the candidate for Director who is a member of the Audit and Supervisory Committee]</p> <p>In light of his past experience, position and responsibilities, the Company nominates Mr. Shimamura as a candidate for Director who is a member of the Audit and Supervisory Committee given his wealth of operational experience and insight from management involvement in the credit management and personnel divisions of the Company, and in expectation that he will bring this rich experience and insight to bear.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                            |

- (Note)
1. No material conflict of interest exists between the candidate and the Company.
  2. The number of shares held by the candidate is a *de facto* number that includes shares held under the AIFUL employee shareholding program.
  3. \* indicates a new candidate for Director.

### Proposal No. 3: Election of One Director Who Is a Substitute Member of the Audit and Supervisory Committee

In preparation for instances in which the number of Directors who are members of the Audit and Supervisory Committee falls short of the statutory minimum, we ask for the election of one Director who is a substitute member of the Audit and Supervisory Committee as per Article 329, Paragraph 3 of the Companies Act.

The Audit and Supervisory Committee has previously given its approval to this proposal.

The candidate for Director who is a substitute member of the Audit and Supervisory Committee is as follows:

| Name<br>(Date of birth)         | Past experience, positions,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of<br>shares of the<br>Company held |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Satoru Imada<br>(July 26, 1942) | <p>April 1966    Joined DOHOSHA printing CO., LTD.</p> <p>April 1970    Managing Director of DOHOSHA printing CO., LTD.</p> <p>July 1972    Established Kyoto Editor Co., Ltd. and assumed the office of President and Representative Director</p> <p>April 1973    Representative Director of DOHOSHA printing CO., LTD.</p> <p>August 2003    Director of Dohosha Media Plan, Ltd.</p> <p>May 2010    CEO of Editorship Co., Ltd.</p> <p>February 2011    CEO of Dohosha Media Plan, Ltd.</p> <p>May 2014    Managing Director and Executive Officer of Bukkyo Kentei Association (Current)</p> | 0<br>shares                                |

- (Notes)
1. No material conflict of interest exists between the Company and the candidate.
  2. Mr. Satoru Imada is a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee.
  3. The reason for appointment of the candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee  
If appointed Director who is an Audit and Supervisory Committee Member, we believe the candidate will be able to bring to bear his deep experience and insight from long years of experience in management of the Company, and will duly perform his duties as Director who is an Audit and Supervisory Committee Member. Accordingly, we seek his election.
  4. When the candidate assumes office as a Director who is a substitute member of the Audit and Supervisory Committee, the Company plans to conclude an agreement on limitation of liability based on Article 28, Paragraph 2 of the Articles of Incorporation. The agreement prescribes that if an Outside Director is liable for damages arising in the Bank due to negligence of duties as per Article 423, Paragraph 1 of the Companies Act, that the liability of an Outside Director shall be limited to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, if said Outside Director acted in good faith and without gross negligence in performing his duties.

## **Instructions for Voting via the Internet, etc.**

If you exercise your voting rights via the Internet, etc., please read the following before you exercise your rights.

### **1. Website for exercising voting rights**

Votes via the Internet may be casted only through the Company's designated voting website.

**URL of the website for exercising voting rights:** <http://www.web54.net>.

\* Using a mobile phone with a bar code-reading function, you can read the QR Code® on the right and connect with the website for online exercise of voting rights. Please see the instruction booklet for your mobile phone for details of the operation procedures.

(QR Code is a registered trademark of DENSO WAVE INCORPORATED.)

### **2. How to exercise voting rights via the Internet**

- (1) When voting via the Internet, please use your "code for exercising voting rights" and "password" displayed on the Voting Rights Exercise Form, and then enter your vote for or against the proposal according to the instructions on the screen.
- (2) The deadline of exercising voting rights is 6 p.m., Monday, June 27, 2016 Japan time; however, you are cordially requested to exercise your voting rights earlier.
- (3) If you exercise your voting rights both in writing and via the Internet, etc., the vote placed via the Internet, etc. shall be deemed valid. In addition, if you exercise your voting rights multiple times via the Internet, etc., or if you exercise your voting rights multiple times via a computer and/or mobile phone, the most recent vote shall be deemed valid.
- (4) Any fees of Internet service providers and telecommunication carriers (such as access fees, etc.) for using the website for exercising voting rights shall be borne by shareholders.

### **3. Handling of Your Password and the Code for Exercising Voting Rights**

- (1) The password is crucial information to verify that a voting person is a qualified shareholder. Please carefully safeguard your password as you do with seals and personal identification numbers.
- (2) In case you commit more than a certain number of erroneous attempts to input your password, the Internet-based voting system will be immediately locked, making further operations unavailable. Follow the on-screen guide if you would like another password to be reissued.
- (3) The code for exercising voting rights indicated on the enclosed Voting Rights Exercise Form is available only for this General Meeting.

### **4. System Requirements**

If you exercise your voting rights online, please confirm the following points regarding your computer system.

- (1) In case of using a computer:
  - i. Display resolution must be 800 dots horizontal × 600 dots vertical (SVGA) or higher.
  - ii. The following applications must have been installed.
    - (a) Microsoft® Internet Explorer Ver.5.01 SP2 or later as web browser
    - (b) Adobe® Acrobat® Reader® Ver.4.0 or later, or Adobe® Reader® Ver.6.0 or later as PDF file browser
  - \* Microsoft® Internet Explorer is a registered trademark, a trademark and a product name of Microsoft Corporation of the United States of America. Adobe® Acrobat® Reader® and Adobe® Reader® are registered trademarks, trademarks and product names of Adobe System Incorporated of the United States of America in the United States and other countries.
  - \* These software products are distributed for downloading free of charge from the website of the respective companies.
  - iii. If you have activated your pop-up blocker or other add-in tools in the web browser, you must disable this function (fully or temporarily) and allow usage of cookies by the website in your privacy settings.
  - iv. If you are unable to connect to the above website, it is possible that you may be subject to online access restrictions due to installation of firewall, proxy server or security software, etc. Please check your settings.
- (2) If you use a mobile phone, any of the following services can be used, but 128-bit Secure Socket Layer

(SSL) encrypted communication must be available.

1) i-mode 2) EZweb 3) Yahoo! Keitai

- \* i-mode, EZweb, Yahoo!, and Yahoo! Keitai are registered trademarks, trademarks or service names of NTT DOCOMO, INC., KDDI CORPORATION, Yahoo! Incorporated of the United States of America, and SoftBank Corp. respectively.
- \* In case of access using a full browser application of a mobile telephone terminal, or accessing using a computer through a phone terminal by using the phone as a communication device, or if accessing through a smart phone terminal, terminals meeting the above-mentioned criteria will also be deemed as a vote from the computer website.

## **5. Inquiries Concerning Operation on computers, etc.**

- (1) If you have any questions about the operation on your computers or mobile phone with regard to the exercise of voting rights on the aforementioned website:

**Direct Dial of Stock Transfer Agency Department “Web Support,” Sumitomo Mitsui Trust Bank, Limited**

**[Phone] 0120-652-031 (Business hours: 9 a.m.–9 p.m.)**

- (2) For other inquiries:

- i. Shareholders who have their accounts with securities companies

Shareholders who have their accounts with securities companies are requested to make inquiries to the respective securities companies that handle their brokerage accounts.

- ii. Shareholders who do not have their accounts with securities companies (but have special accounts):

**Stock Transfer Agency Services Center, Sumitomo Mitsui Trust Bank, Limited**

**[Phone] 0120-782-031 (Business hours: 9 a.m.–5 p.m. weekdays)**

## **6. Use of a Platform for Electronic Exercise of Voting Rights (to institutional investors)**

Institutional investors may use the “Electronic Voting Platform for Foreign and Institutional Investors” that is operated by ICJ, Inc., for this General Meeting to exercise voting rights electronically.