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(Securities Code 8515)
June 5, 2017

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 40TH 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 40th 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 26, 2017 Japan time.

- 1. Date and Time:** Tuesday, June 27, 2017 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 40th Fiscal Year (April 1, 2016 - March 31, 2017) 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 40th Fiscal Year (April 1, 2016 - March 31, 2017)

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 Two Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 3:** Election of One Director Who Is a Substitute for the Audit and Supervisory Committee Member

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 26, 2017 Japan time.

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

Please exercise your voting rights by 6 p.m. on Monday, June 26, 2017 Japan time, after confirming the Instructions for Voting via the Internet, etc. on page 31.

(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>

The reception will be very crowded immediately before the meeting begins; early arrival is recommended. The reception desk is scheduled to open at 9 a.m.

## **Business Report**

(April 1, 2016 - March 31, 2017)

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

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

In the consolidated fiscal year under review, Japanese economy experienced a gradual recovery as a result of positive economic policies adopted by the government. However, the outlook for the economy remain uncertain, due to the economic deceleration in China and the other emerging countries in Asia and the concern for the economic policy of the new U.S. administration.

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 interest repayment claims, industry's biggest risk, is steadily trending downwards after hitting a peak, it still leaves the future outlook 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.

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 loan segment, AIFUL is working to increase the number of new contracts concluded and the operating loan balance by improving its customer service through the efficient development of unstaffed branches and interest-free campaign, in addition to effective advertising mainly on television and the internet.

In the consolidated fiscal year under review, new contracts signed for unsecured loans were 182,000 (up 1.1% year on year) and the contract rate was 45.3% (down 1.2pt year on year).

As a result, the amount of unsecured loans outstanding in the consolidated fiscal year under review was 301,063 million yen (up 14.6% year on year). The amount of secured loans outstanding was 16,447 million yen (down 24.7% year on year), the amount of small business loans outstanding was 4,575 million yen (down 9.8% year on year) and total amount of 322,087 million yen (up 11.2% year on year) in operating loans outstanding for the loan segment. (30,713 million yen off-balance sheet operating loans from the securitization of receivables have been included.)

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

In the credit guarantee business, AIFUL is working to expand the credit guarantee 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 Company will make the most of its know-how related to credit operations for individuals and small and medium sized enterprises and the unique strengths it possesses as an independent organ.

Accounting for the aforementioned factors, AIFUL secured affiliations with 91 financial institutions for unsecured personal loan guarantee, and the guarantee for loans outstanding amounted to 58,237 million yen, up 4.6% year on year. Also, the Company commenced affiliations with 96 financial institutions for unsecured business loan guarantee, and the guarantee for loan outstanding was totaling 34,484 million yen, down 0.8% year on year.

Of the credit guarantee for the unsecured business loans, 25,299 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 58,339 million yen (up 5.8% year on year), operating income of 3,587 million yen (down 3.0% year on year), ordinary income of 4,090 million yen (down 18.4% year on year), and net income of 4,823 million yen (down 8.7% year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD worked to expand the number of new applications through issuing new tie-up cards. Also, it began supporting Apple Pay, released smartphone application and increased the credit limits for the purpose of enhancing its card members' convenience.

As a result of the above, transactions at the end of the consolidated fiscal year under review were 693,455 million yen, up 10.2% year on year, and the balance of installment receivables stood at 96,274 million yen, up 8.2% year on year. (2,862 million yen off-balance sheet installment receivable outstanding from the securitization of receivables has been included.)

Card Cashing

The total amount of loans outstanding in the LIFECARD's loan business stood at 31,208 million yen, up 0.7% year on year. (1,622 million yen off-balance sheet operating loans from the securitization of receivables have been included.)

Credit guarantee business

In the credit guarantee business, LIFECARD is working to expand the credit guarantee 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, LIFECARD will make the most of its know-how related to credit operations for individuals and small and medium sized enterprises 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 158 companies for unsecured personal loan guarantee and the guarantee for loans outstanding amounted to 19,869 million yen, down 2.8% year on year. Also, there were affiliations with 35 companies for unsecured business loan guarantee, and the guarantee for loans outstanding totaled 1,138 million yen, up 52.9% year on year.

As a result, LIFECARD Co., Ltd operating revenue amounted to 28,879 million yen (up 1.9% year on year), operating income was 2,899 million yen (up 162.9% year on year), ordinary income was 3,237 million yen (up 183.9% year on year) and net income was 3,031 million yen (up 63.1% 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 AG Capital Co., Ltd.) for which operating revenue was 4,485 million yen (down 4.6% year on year), operating loss was 6 million yen (compared with operating income of 624 million yen in the previous period), ordinary income was 67 million yen (down 90.7% year on year) and net loss was 53 million yen (compared with net income of 657 million yen in the previous period).

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year ended March 31, 2017, rose 4.3% compared with the previous fiscal year to 91,450 million yen. The principal components and their movements were interest on loans, which increased 8.2% year on year to 47,869 million yen, revenue from the credit card business, which increased 5.7% to 15,422 million yen and revenue in the credit guarantee business, which increased 0.0% to 12,494 million yen. In contrast, the collection of purchased receivables decreased 2.1% to 2,096 million yen while the recovery of loans previously charged off edged down 5.7% to 5,678 million yen.

Operating expenses increased 3,408 million yen, or 4.2%, compared with the previous fiscal year to 84,440 million yen. The main factors for the increase were provision for allowance for doubtful accounts increasing 4,617 million yen, or 28.6%, compared with the previous fiscal year to 20,744 million yen.

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating income of 7,009 million yen (up 5.0% year on year), ordinary income of 7,399 million yen (up 7.8% year on year), and net income attributable to owners of parent of 7,276 million yen (up 3.3% year on year).

## 2. Capital Investments

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 2,376 million yen. Main items were the Company and LIFECARD Co., Ltd. facilities-related investment for the opening of new outlets of 297 million yen, investment related to EDA Center facilities of 143

million yen, system-related investment related to credit cards of 514 million yen, investment in the installation of new card systems of 303 million yen, and investment associated with updating of servers in operating systems of 212 million yen.

### **3. Financing**

The AIFUL group requires funds for operating activities such as providing financing for customers, and procures funds via borrowings from financial institutions, etc., and the issuance of bonds, etc.

As a result of the above, the balance of short-term borrowings (consolidated basis at the fiscal year-end) was 73,610 million yen (up 8.3%), the balance of long-term debt was 193,913 million yen (up 29.6%), the balance of corporate bonds was 32,700 million yen (up 4.1%), and the balance of fund procurement, etc., rose 20.5% to 300,223 million yen.

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

Although the industry's biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, the future outlook still remains unpredictable.

In this environment, while dealing with principal management issue of interest repayment claims, the AIFUL Group will make Group-wide efforts to increase the number of new contracts and the operating loan balance to strengthen its revenue base. At the same time, the AIFUL Group will work to strengthen its financial base through further improvement in business efficiency and diversification of funding sources.

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 order to adequately address changes in its operating environment.

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

| Item                                                                          | 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 | The 40th fiscal<br>year ended<br>March 31, 2017<br>(Consolidated fiscal<br>year under review) |
|-------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Loans to customers<br>(millions of yen)                                       | 348,010                                         | 350,017                                         | 376,224                                         | 412,649                                                                                       |
| Number of customer<br>accounts (accounts)                                     | 817,039                                         | 824,342                                         | 861,471                                         | 916,917                                                                                       |
| Operating revenue<br>(millions of yen)                                        | 91,858                                          | 86,352                                          | 87,708                                          | 91,450                                                                                        |
| Ordinary income (loss)<br>(millions of yen)                                   | 24,752                                          | (36,498)                                        | 6,860                                           | 7,399                                                                                         |
| Net income (loss)<br>attributable to owners<br>of parent (millions of<br>yen) | 30,461                                          | (36,499)                                        | 7,044                                           | 7,276                                                                                         |
| Net income (loss) per<br>share (yen)                                          | ¥63.34                                          | (¥75.74)                                        | ¥14.59                                          | ¥15.05                                                                                        |
| Diluted net income<br>(loss) per share (yen)                                  | ¥63.00                                          | —                                               | ¥14.57                                          | ¥15.04                                                                                        |
| Total assets (millions<br>of yen)                                             | 577,339                                         | 560,323                                         | 567,514                                         | 616,651                                                                                       |
| Net assets (millions of<br>yen)                                               | 133,541                                         | 97,475                                          | 104,250                                         | 111,649                                                                                       |

(Note) Off-balance sheet operating loans from the securitization of claims (26,860 million yen in the 37th fiscal year, 62,367 million yen in the 38th fiscal year, 60,677 million yen in the 39th fiscal year, and 60,020 million yen in the 40th fiscal year) have been included in the amount of loans to customers.

## 6. Significant Subsidiaries (as of March 31, 2017)

### (1) Significant Subsidiaries

| Company name                       | Capital<br>(In millions of yen) | The Company's<br>percentage of<br>voting rights | Principal business                            |
|------------------------------------|---------------------------------|-------------------------------------------------|-----------------------------------------------|
| LIFECARD Co., Ltd.                 | 100                             | 100.00%                                         | Credit sales and credit<br>guarantee business |
| BUSINEXT<br>CORPORATION            | 100                             | 100.00%                                         | Small business loan<br>operations             |
| AsTry Loan Services<br>Corporation | 600                             | 100.00%                                         | Debt collection business                      |
| AG Capital Co., Ltd.               | 10                              | 100.00%                                         | Venture capital business                      |

(Note) Shares of BUSINEXT CORPORATION are held indirectly through AG Capital Co., Ltd.

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

No relevant matters

## 7. Principal Business (as of March 31, 2017)

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

## 8. Principal Business Locations (as of March 31, 2017)

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

## 9. Employees (as of March 31, 2017)

### (1) State of the Group

| Number of employees | Increase (decrease) from previous fiscal year-end |
|---------------------|---------------------------------------------------|
| 1,473 [1,016]       | Increase of 40 [decrease of 32]                   |

(Notes) 1. Number of employees is the number of full-time employees.

2. The number of employees does not include 1,016 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 |
|---------------------|---------------------------------------------------|-----------------|--------------------------|
| 1,019               | Increase of 64                                    | 40.98 years old | 13 years and 3 months    |

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

**10. Major creditors (as of March 31, 2017)**

## (1) Major creditors of the Corporate Group

| Creditor                           | Amount of borrowings<br>(In millions of yen) |
|------------------------------------|----------------------------------------------|
| Sumitomo Mitsui Trust Bank Limited | 66,910                                       |
| Aoyama Capital Co., Ltd            | 52,310                                       |
| Aozora Bank, Ltd.                  | 27,165                                       |
| Kinki Sangyo Credit Union          | 10,825                                       |
| The Tokyo Star Bank, Limited       | 7,210                                        |

- (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 (18,000 million yen) from 2 financial institutions  
 Syndicated loan (26,500 million yen) from 2 financial institutions  
 Syndicated loan (7,264 million yen) from 9 financial institutions  
 Syndicated loan (15,500 million yen) from 9 financial institutions
3. In addition to the above, funding of 75,000 million yen was procured through securitization of claims.

## (2) Major creditors of the Company

| Creditor                           | Amount of borrowings<br>(In millions of yen) |
|------------------------------------|----------------------------------------------|
| Sumitomo Mitsui Trust Bank Limited | 51,210                                       |
| Aozora Bank, Ltd.                  | 27,165                                       |
| The Tokyo Star Bank, Limited       | 7,210                                        |
| The Ehime Bank, Ltd.               | 3,862                                        |
| Kinki Sangyo Credit Union          | 3,025                                        |

- (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. Syndicated loans for which Sumitomo Mitsui Trust Bank Limited is the manager are as follows.  
 Syndicated loan (18,000 million yen) from 2 financial institutions  
 Syndicated loan (26,500 million yen) from 2 financial institutions  
 Syndicated loan (7,264 million yen) from 9 financial institutions
3. In addition to the above, funding of 75,000 million yen was procured through securitization of claims.



## II. Status of the Company

### 1. Status of Shares (as of March 31, 2017)

- (1) Total number of shares authorized to be issued      Common stock      1,136,280,000 shares
- (2) Total number of issued shares      484,619,136 shares  
(including 916,964 shares of treasury stock)
- (3) Number of shareholders      35,914 persons
- (4) Major shareholders (top ten)

| Shareholder name                                     | Number of shares | Shareholding ratio |
|------------------------------------------------------|------------------|--------------------|
|                                                      | thousand shares  | %                  |
| AMG Co., Ltd.                                        | 94,814           | 19.60              |
| Mitsuhide Fukuda                                     | 62,155           | 12.85              |
| Marutaka Co., Ltd.                                   | 24,543           | 5.07               |
| GOLDMAN, SACHS & CO. REG                             | 22,478           | 4.65               |
| The Master Trust Bank of Japan, Ltd. (trust account) | 13,594           | 2.81               |
| Japan Trustee Services Bank, Ltd. (trust account)    | 11,171           | 2.31               |
| CHASE MANHATTAN BANK GTS CLIENTS<br>ACCOUNT ESCROW   | 7,004            | 1.45               |
| Japan Trustee Services Bank, Ltd. (trust account 5)  | 6,076            | 1.26               |
| DEUTSCHE BANK AG LONDON-PB NON-TREATY<br>CLIENTS 613 | 5,010            | 1.04               |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)           | 4,715            | 0.97               |

(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, 2017)  
No relevant matters
- (2) Status of stock acquisition rights issued during the fiscal year under review  
No relevant matters
- (3) Other important matters concerning stock acquisition rights, etc.  
No relevant matters

### 3. Company Officers

#### (1) Name, etc. of Directors (as of March 31, 2017)

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

- (Notes)
1. Of the Directors who are Audit and Supervisory Committee Members, 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.
  2. Mr. Masanobu Hidaka, a Director who is an Audit and Supervisory Committee Member, has experience of taxation administration at the National Tax Agency of Japan, and has considerable financial and

accounting knowledge.

3. No material conflict of interest exists between Media Kobo, Inc. and the Company.
4. No material conflict of interest exists between UEMATSU/SUZUKI Law Office and the Company.
5. No material conflict of interest exists between KYOTO TOOL CO., LTD. and the Company.
6. Mr. Masanobu Hidaka and Mr. Minoru Shimamura have been selected as standing Audit and Supervisory Committee Members in light of their work in developing an effective environment for auditing, etc. and collection of internal information.
7. 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 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Kazumitsu Oishi  | Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, Senior General Manager of the Accounting Division, in charge of the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department, and the General Affairs Department | April 1, 2017  |
| Tsuguo Nakagawa  | Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department, IT Planning Department, and the Credit Assessment Department                                                                                                                                                                      | April 1, 2017  |
| Mitsuhide Fukuda | Senior Managing Executive Officer, in charge of the Guarantee Business Department<br>President and Representative Director of AsTry Loan Services Corporation<br>President and Representative Director of BUSINEXT CORPORATION                                                                                                                                    | April 1, 2017  |
| Yoshiaki Tanaka  | Executive Officer, responsible for the Management Planning Department and Business Process Management Department, General Manager of the Management Planning Department                                                                                                                                                                                           | April 1, 2017  |

## (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                                          | Nobuyuki Wakuta  | Managing Executive Officer                                                  | June 28, 2016      |
| Director (Audit and Supervisory Committee Member) | Minoru Kobayashi | —                                                                           | June 28, 2016      |

(Note) The Director who was an Audit and Supervisory Committee Member, Mr. Minoru Kobayashi retired due to resignation.

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

The Company has concluded agreements on limitation of liability with Mr. Haruichi Suzuki, an Outside Director who is an Audit and Supervisory Committee Member, 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 Directors who are Audit and Supervisory Committee Members)            | 7                   | 123                                |
| Directors who are Audit and Supervisory Committee Members<br>(Of which, Outside Directors) | 4<br>(2)            | 36<br>(23)                         |
| Total                                                                                      | 11                  | 159                                |

- (Notes)
1. The above includes Directors who retired during the fiscal year under review. As of the end of the consolidated fiscal year under review, the number of Directors (excluding those who are Audit and Supervisory Committee Members) is eight and the number of Directors who are Audit and Supervisory Committee Members is three (including two Outside Directors). The difference with persons compensated above is due to two Directors that serve without compensation.
  2. Director remuneration decisions are made by resolution of the Board of Directors (except for Audit and Supervisory Committee Members). Remuneration decisions for Directors who are Audit and Supervisory Committee Members are made through consultation with the said Committee.  
The Company has a policy of ensuring that remuneration for Directors, 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 Audit and Supervisory Committee Members) 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 Audit and Supervisory Committee Members 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 Audit and Supervisory Committee Members) 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 an Audit and Supervisory Committee Member determined by a resolution of the General Meeting of Shareholders (June 23, 2015) is 80 million yen per year.

**(5) Outside Officers**

Main activities during the fiscal year

Mr. Masanobu Hidaka, a Director who is an Audit and Supervisory Committee Member, participated in all 29 meetings of the Board of Directors held during the fiscal year ended March 31, 2017, and Mr. Haruichi Suzuki, a Director who is an Audit and Supervisory Committee Member, participated in 24 of the 29 meetings of the Board of Directors held during the fiscal year ended March 31, 2017; both Directors who are Audit and Supervisory Committee Members 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, 2017; both Directors who are Audit and Supervisory Committee Members engage in consultation, etc. in important matters related to auditing.

## 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, 2017

|                                                                                         | Payments (In millions of yen) |
|-----------------------------------------------------------------------------------------|-------------------------------|
| Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2017        | 59                            |
| Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor | 83                            |

(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, 2017 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 Audit and Supervisory Committee Members. In such case, the Audit and Supervisory Committee Members 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. The Executive Officer in charge of the Compliance Department 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 audit and supervisory committee members) 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 audit and supervisory committee members) 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 audit and supervisory committee members) 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 audit and supervisory committee members, 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 audit and supervisory committee members.

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

**1) Compliance structure**

- The Compliance Committee was held 7 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 took 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 was held 3 times, and managed risk information within 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 Group-wide meetings and regular meetings are held, and Group-wide 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**

- Audit and Supervisory Committee Members 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.

- Audit and Supervisory Committee Members 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.
- As a body to assist the duties of Audit and Supervisory Committee Members, the Office of Audit and Supervisory Committee Members, independent from direction and orders of Directors, etc., is established and assistant employees are stationed. Additionally, structure where Internal Audit Department is to provide supportive activities and works collaboratively is maintained, with the intent of securing effectiveness of restraining and early detection of illegal activities, etc.
- Audit and Supervisory Committee Members 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, responsible for the Internal Auditing Department</p> <p>June 2016      President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of 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 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 Senior General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>June 1999 Director, Assistant Senior General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>April 2000 Director, Assistant Senior General Manager of the Loan Business Division, responsible for the Credit Sales Business Department</p> <p>October 2000 Director, responsible for the Credit Sales Business Department</p> <p>April 2001 Director</p> <p>April 2005 Director, responsible for the Marketing Department</p> <p>April 2006 Director</p> <p>April 2008 Director and Executive Officer, responsible for the Business Development Department</p> <p>June 2008 Director and Managing Executive Officer, responsible for the Business Development Department</p> <p>April 2010 Director and Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for 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, responsible for 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, responsible for 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, responsible for the Personnel Department</p> <p>April 2013 President and Representative Director of BUSINEXT CORPORATION</p> <p>June 2014 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department</p> <p>April 2016 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, counsel of the Personnel Department</p> <p>June 2016 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, in charge of the Personnel Department (Current)</p> <p>[Significant concurrent positions]<br/>• Director of Anshin Guarantor Service Co., Ltd.</p> | 149,083 shares                             |
| <p>[Reasons for selecting the candidate for Director]<br/>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, responsible for the Guarantee Business Department 1 and the Guarantee Business Department 2</p> <p>April 2015 President and Representative Director 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, counsel of the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department, the General Affairs Department and the Credit Assessment Department</p> <p>June 2016 Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, Senior General Manager of the Accounting Division, in charge of the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department, the General Affairs Department and the Credit Assessment Department</p> <p>April 2017 Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, Senior General Manager of the Accounting Division, in charge of the Information Systems Development Department, the Information Systems Operating Department, the Compliance Department and the General Affairs Department (Current)</p> | 105,568 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, responsible for 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 and Representative Director 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, counsel of the Marketing Department</p> <p>June 2016 Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department</p> <p>April 2017 Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department, IT Planning Department and the Credit Assessment Department (Current)</p> | 118,122 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> |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                            |

| No.                                                                                                                                                                                                                                                                                                                                  | Name<br>(Date of birth)                                                                                                                   | Past experience, positions, and responsibilities<br>(significant concurrent positions)                                                                                                         |                                                                                              | Number of<br>shares of the<br>Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------|
| 5                                                                                                                                                                                                                                                                                                                                    | Mitsuhide Fukuda<br>(June 16, 1980)                                                                                                       | April 2003                                                                                                                                                                                     | Joined Daiwa Securities Co., Ltd.                                                            | 62,160,947<br>shares                       |
|                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                           | April 2009                                                                                                                                                                                     | Joined OGI Capital Partners, Ltd.                                                            |                                            |
| June 2011                                                                                                                                                                                                                                                                                                                            | Executive Officer, responsible for the Subsidiary Management Department, the Company                                                      |                                                                                                                                                                                                |                                                                                              |                                            |
| June 2012                                                                                                                                                                                                                                                                                                                            | Director and Executive Officer, responsible for the Subsidiary Management Department                                                      |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2014                                                                                                                                                                                                                                                                                                                           | Director and Executive Officer                                                                                                            |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2014                                                                                                                                                                                                                                                                                                                           | President and Representative Director of BUSINEXT CORPORATION (Current)                                                                   |                                                                                                                                                                                                |                                                                                              |                                            |
| June 2014                                                                                                                                                                                                                                                                                                                            | Director and Managing Executive Officer                                                                                                   |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2016                                                                                                                                                                                                                                                                                                                           | Director and Managing Executive Officer, responsible for the Guarantee Business Department 1 and the Guarantee Business Department 2      |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2016                                                                                                                                                                                                                                                                                                                           | President and Representative Director of AsTry Loan Services Corporation (Current)                                                        |                                                                                                                                                                                                |                                                                                              |                                            |
| June 2016                                                                                                                                                                                                                                                                                                                            | Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department 1 and the Guarantee Business Department 2  |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2017                                                                                                                                                                                                                                                                                                                           | Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department (Current)                                  |                                                                                                                                                                                                |                                                                                              |                                            |
|                                                                                                                                                                                                                                                                                                                                      | [Significant concurrent positions]<br>• President of AsTry Loan Services Corporation<br>• President of BUSINEXT CORPORATION               |                                                                                                                                                                                                |                                                                                              |                                            |
| [Reasons for selecting the candidate for Director]<br>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.                                                               |                                                                                                                                           |                                                                                                                                                                                                |                                                                                              |                                            |
| 6                                                                                                                                                                                                                                                                                                                                    | Yoshiaki Tanaka<br>(September 19, 1959)                                                                                                   | April 1983                                                                                                                                                                                     | Joined The Sumitomo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank Limited) | 4,601<br>shares                            |
|                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                           | September 2006                                                                                                                                                                                 | Sales Manager, Division 6, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd.            |                                            |
| June 2007                                                                                                                                                                                                                                                                                                                            | General Manager, Sapporo Branch of The Sumitomo Trust & Banking Co., Ltd.                                                                 |                                                                                                                                                                                                |                                                                                              |                                            |
| May 2009                                                                                                                                                                                                                                                                                                                             | Sales Manager, Division 5, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd.                                                         |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2012                                                                                                                                                                                                                                                                                                                           | Sales Manager, Division 6, the Main Branch of The Sumitomo Trust & Banking Co., Ltd.                                                      |                                                                                                                                                                                                |                                                                                              |                                            |
| April 2015                                                                                                                                                                                                                                                                                                                           | Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department, the Company |                                                                                                                                                                                                |                                                                                              |                                            |
| June 2015                                                                                                                                                                                                                                                                                                                            | Director and Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department |                                                                                                                                                                                                |                                                                                              |                                            |
|                                                                                                                                                                                                                                                                                                                                      | April 2017                                                                                                                                | Director and Executive Officer, responsible for the Management Planning Department and Business Process Management Department, General Manager of 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 candidate for Director in the expectation that he will bring to bear at the Company his wealth of operational 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 7                                                                                                                                                                                                                                                                                                                                               | Hiroshi Uemura<br>(May 16, 1961) | <p>April 1985      Joined The Nippon Credit Bank, Limited (currently Aozora Bank, Ltd.)</p> <p>September 2005      Senior Relationship Manager of Group 11 of Corporate Business Division 1 of the Corporate Banking Division, Senior Relationship Manager of Corporate Business Department 1, Sapporo Branch, Corporate Business Division 1 of the Corporate Banking Division of Aozora Bank, Ltd.</p> <p>October 2007      Senior Relationship Manager of Group 11 of Corporate Business Division 1 of the Corporate Banking Division of Aozora Bank, Ltd.</p> <p>April 2009      Manager of the Workout Division of Aozora Bank, Ltd.</p> <p>August 2010      General Manager of the Workout Division of Aozora Bank, Ltd.</p> <p>April 2015      Executive Officer, responsible for the Finance Department, the Company</p> <p>June 2015      Director and Executive Officer, responsible for the Finance Department</p> <p>April 2016      Director and Executive Officer, counsel of the Finance Department</p> <p>June 2016      Director and Executive Officer, in charge of the Finance Department (Current)</p> | 4,542<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. Uemura as a candidate for Director in the expectation that he will bring to bear at the Company his wealth of operational experience and insight gained at financial institutions.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                            |
| 8                                                                                                                                                                                                                                                                                                                                               | Keiji Masui<br>(March 24, 1963)  | <p>October 2002      Acting General 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</p> <p>June 2016      Director and Executive Officer (Current)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 52,568<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 his involvement in the loan business and finance divisions of the Company.</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 has business transaction relationships.
2. The candidate for Director Masayuki Sato concurrently serves as Director of Anshin Guarantor Service Co., Ltd. Anshin Guarantor Service Co., Ltd. and the Company has business transaction relationships.
3. The candidate for Director Mitsuhide Fukuda concurrently serves as President and Representative Director of Astry Loan Services Corporation and as President and Representative Director 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.

## Proposal No. 2: Election of Two Directors Who Are Audit and Supervisory Committee Members

The terms of office of Directors who are members of the Audit and Supervisory Committee, Mr. Masanobu Hidaka and Mr. Haruichi Suzuki, will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of two Directors who are members of the Audit and Supervisory Committee is proposed.

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

The candidates for Directors 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | *Satoru Toda<br>(December 4, 1954)    | <p>April 1978      Joined Ministry of Finance</p> <p>July 2007      Regional Commissioner, Fukuoka Regional Taxation Bureau, National Tax Agency</p> <p>July 2008      Deputy Director-General of National Tax Tribunal, National Tax Agency</p> <p>June 2009      Full-time Auditor of Tokyo Metro Co., Ltd</p>                                                                                                                                                                                                                                                                                                                                                                        | 0<br>shares                                |
| <p>[Reasons for selecting the candidate for Outside Director who is an Audit and Supervisory Committee Member]</p> <p>In light of his past experience, the candidate has significant knowledge regarding finance and accounting through many years of experience at the National Tax Agency. Additionally, the Company has judged that he can utilize his experience and insight as Auditor of Tokyo Metro Co., Ltd to appropriately execute the duties of Outside Director who is an Audit and Supervisory Committee Member of the Company, and requests his election.</p>                                                                                                   |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Haruichi Suzuki<br>(January 15, 1968) | <p>April 1997      Joined Uematsu Shigekazu Law Office (currently UEMATSU/SUZUKI Law Office)</p> <p>September 1999      Lecturer, Graduate School of Law, Ritsumeikan University</p> <p>January 2008      Director and Attorney-at-law of UEMATSU/SUZUKI Law Office (Current)</p> <p>June 2010      Outside Corporate Auditor of KYOTO TOOL CO., LTD. (Current)</p> <p>June 2015      Director (Audit and Supervisory Committee Member), the Company (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Director and Attorney-at-law of UEMATSU/SUZUKI Law Office</li> <li>• Outside Corporate Auditor of KYOTO TOOL CO., LTD.</li> </ul> | 0<br>shares                                |
| <p>[Reasons for selecting the candidate for Outside Director who is an Audit and Supervisory Committee Member]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Suzuki as a candidate for Outside Director who is an Audit and Supervisory Committee Member. As the Company expects that he can provide advice from a fair and neutral standpoint by utilizing his broad insight and wealth of experience as an attorney, it has been judged that he can appropriately execute the duties of Outside Director who is an Audit and Supervisory Committee Member of the Company, and the Company requests his reelection.</p> |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |

(Notes) 1. No material conflict of interest exists between each candidate and the Company.

2. \* indicates a new candidate for Director who is an Audit and Supervisory Committee Member.

3. Mr. Satoru Toda and Mr. Haruichi Suzuki are the candidates for Outside Directors who are Audit and Supervisory Committee Members. The Company has designated Mr. Haruichi Suzuki as independent director under the provisions of the Tokyo Stock Exchange, and has registered him at the aforementioned Exchange. Additionally, the Company also plans to register Mr. Satoru Toda as independent director at the aforementioned Exchange.

4. When the candidates assume office as Director who is an Audit and Supervisory Committee Member at this year's General Meeting of Shareholders, the Company plans to continue an agreement on limitation of liability based on Article 28, Paragraph 2 of the Articles of Incorporation with Mr. Haruichi Suzuki. 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, 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.

5. The term of office as an Outside Director who is an Audit and Supervisory Committee Member of the candidate Mr. Haruichi Suzuki will be two years at the conclusion of this year's General Meeting of Shareholders.

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

In preparation for instances in which the number of Directors who are Audit and Supervisory Committee Members falls short of the statutory minimum, we ask for the election of one Director who is a substitute for an Audit and Supervisory Committee Member 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 for Audit and Supervisory Committee Member 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</p> <p>December 2015    Representative Director of DMP – HealthBank (Current)</p> <p>July 2016    Managing Director of Bukkyo Kentei Association (Current)</p> <p>July 2016    Representative Partner of LLC DOHOP (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Representative Director of DMP – HealthBank</li> <li>• Representative Partner of LLC DOHOP</li> </ul> | 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 for an Audit and Supervisory Committee Member.
  3. The reason for appointment of the candidate for Outside Director who is a substitute for an Audit and Supervisory Committee Member.  
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 for an Audit and Supervisory Committee Member, 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.

(Reference)

**Standards of Independence for AIFUL Outside Officers**

The Company designates all Outside Officers who meet the qualifications for independent director/auditor as such, and has determined the criteria for independence of Independent Outside Directors as follows:

1. If none of the following attributes applies, and if the person is someone for whom there is no constant risk of a substantial conflict of interest occurring for any other reasons, then the Company judges that the person is sufficiently independent from the Company.
  - (1) A person who is an Executive Director, etc.\*1 of the Company or any of its subsidiaries (hereinafter, “the Group”), and was an Executive Director, etc. of the Group during the ten (10) years prior to his or her appointment (however, with regard to a person who was a Non-executive Director\*2 or Corporate Auditor at any point during the ten (10) years prior to appointment, this shall apply to the ten (10) years preceding his or her appointment to those positions)
  - (2) A current major shareholder\*3 of the Company, or if the major shareholder is a corporation, a person who is (or was) a Director, Corporate Auditor, accounting advisor, Executive Officer, manager, or other employee of the major shareholder, its parent company, or any significant subsidiary
  - (3) A person who is a Director, Corporate Auditor, accounting advisor, Executive Officer, manager, or other employee of a company of which the Company is currently a major shareholder\*3
  - (4) A person for whom the Group is (or was) a major business partner\*4, or the parent company or any significant subsidiary thereof, or if that party is a company, a person who is (or was) an Executive Director, Executive Officer, manager, or other employee of that company
  - (5) A person who is (or was) a major business partner\*4 of the Company, or the parent company or any significant subsidiary thereof, or if that party is a company, a person who is (or was) an Executive Director, Executive Officer, manager, or other employee of that company
  - (6) A person who is a Director (limited to persons engaging in business execution) or other business executor (referring to an officer or employee who executes the business of the organization) of an organization (for example, a public interest incorporated foundation, public interest incorporated association, nonprofit corporation, etc.) that receives contributions or assistance exceeding a certain amount\*5 from the Group
  - (7) A person who is a Director, Corporate Auditor, accounting advisor, or Executive Officer of a company receiving a Director from the Group (regardless of whether he or she is full-time or part-time), or the parent company or any subsidiary thereof
  - (8) A financial institution or other major creditor (hereinafter, “major creditor, etc.”) who is essential for the fundraising of the Company, and on whom the Company relies to a degree that they are irreplaceable, or a person who is (or was) a Director, Corporate Auditor, accounting advisor, Executive Officer, manager, or other employee at the major creditor, etc. within the past three (3) years, or the parent company or any significant subsidiary thereof
  - (9) A person who is currently an employee or partner of the Accounting Auditor of the Group, or audit firm or tax accountancy corporation, or who was an employee or partner of the Accounting Auditor of the Group, or audit firm or tax accountancy corporation within the past three (3) years, and who actually oversaw the audit operations of the Group (however, this excludes supporting participation) (this includes persons who have retired from or left these positions)
  - (10) A person who is an attorney, certified public accountant, certified public tax accountant or other consultant to whom the above item (9) does not apply, and who (a) has received money or other properties, excluding officer’s compensation, from the Group averaging 10 million yen or more per year over the past three (3) years, or (b) is an employee, partner, or associate of a firm for whom the Group is a major business partner (a firm that has received payment from the Group equivalent to 2% or more of the firm’s consolidated gross revenue as an average over the past three fiscal years)
  - (11) A person who is a close relative\*6 of a person falling under any of the above categories (1) to (10).
2. Even if a person falls under any of the categories in the above item 1., if it is a person whom the Company believes is suitable as an Independent Director of the Company in light of his or her character, insight, etc., then the Company may make him or her an Independent Director of the Company, provided that he or she meets the criteria for Outside Directors set forth in the Companies Act, and that the Company provides an explanation to external parties of the reasons it is believed that he or she is suitable as an Independent Director of the Company.

\*1 An “Executive Director, etc.” refers to an Executive Director, Executive Officer, manager, or

other employee.

- \*2 A “non-executive director” refers to a Director who is not classified as an Executive Director.
- \*3 A “major shareholder” refers to a shareholder with a voting rights ownership ratio of 10% or more.
- \*4 A “major business partner” refers to a person that has received payment from the Group equivalent to 2% or more of that person’s annual consolidated revenue in the most recent fiscal year, in the most recent fiscal year or in the preceding three (3) fiscal years (a person for whom the Group is a major business partner), or a person who has made payment equivalent to 2% or more of annual gross revenue of the Company, in the most recent fiscal year or in the preceding three (3) fiscal years (a major business partner of the Group).
- \*5 A “certain amount” refers to whichever is the larger of an average of 10 million yen per year over the past three (3) fiscal years, or 30% of the average total annual expenses of the organization.
- \*6 A “close relative” refers to a spouse or relative within the second degree of consanguinity; however, for item 1.(1), this shall apply to persons falling under this category within the past five (5) years.

### **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 26, 2017 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. 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)**

#### **5. 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.