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(Securities Code 8515)
June 4, 2018

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 41ST 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 41st 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 mail or 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 25, 2018 Japan time.

- 1. Date and Time:** Tuesday, June 26, 2018 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 41st Fiscal Year (April 1, 2017 - March 31, 2018) 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 41st Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

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

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

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

4. Disclosure on the Company's Website:

- (1) Of the matters to be included in this Notice pursuant to laws and regulations and Article 15 of the Articles of Incorporation, "Notes to Consolidated Financial Statements" and "Notes to Non-Consolidated Financial Statements", "Consolidated Statements of Change in Shareholders' Equity" and "Non-Consolidated Statements of Change in Shareholders' Equity" are disclosed on our website and therefore not included in this notice. Therefore, the attachment of this notice includes parts of consolidated financial statements and non-consolidated financial statements that were audited when Audit and Supervisory Committee and Accounting Auditor prepared their audit report respectively.
- (2) Any updates to the Reference Documents 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.

The Company's website: https://www.ir-aiful.com/japanese/shareholder05.html
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Exercise of Voting Rights

Following are the methods for exercising voting rights. Please review the Reference Documents for the General Meeting of Shareholders (on and after page 4), and exercise your voting rights.

- Attending the Annual General Meeting of Shareholders
Date and time of Annual General Meeting of Shareholders: 10 a.m. on Tuesday, June 26, 2018 Japan time (The reception desk is scheduled to open at 9 a.m.)
Please submit the enclosed Voting Rights Exercise Form to the reception. (No need to be stamped)
Additionally, please bring this Notice with you.
- Exercise of Voting Rights by Mail
Exercise deadline: Arrival by 6 p.m. on Monday, June 25, 2018 Japan time
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it without postage stamp.
- Exercise of Voting Rights via the Internet, etc.
Exercise deadline: Until 6 p.m. on Monday, June 25, 2018 Japan time
Please access the designated voting rights exercise website and indicate your vote for or against the proposals by the exercise deadline.
(The voting rights exercise website: <https://www.web54.net>)
Please see the last page for details.

Reference Documents for the General Meeting of Shareholders

Proposals and References

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

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

Additionally, regarding this proposal, the Audit and Supervisory Committee has judged that all of the candidates for Director are qualified for the position.

The candidates for Directors are as follows:

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
1	<p>Reappointment</p> <p>Yoshitaka Fukuda (October 14, 1947)</p> <p>Number of shares of the Company held: 3,207,899</p>	<p>April 1967 Founded Matsubara Sangyo</p> <p>February 1976 President and Representative Director of 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</p> <p>October 2017 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office and the Internal Auditing Department (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Chairman and Representative Director of LIFECARD Co., Ltd.
	<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, etc.	Past experience, positions, responsibilities and significant concurrent positions
2	<p>Reappointment</p> <p>Masayuki Sato (September 9, 1957)</p> <p>Number of shares of the Company held: 152,904</p>	<p>August 1982 Joined the Company</p> <p>February 1996 General Manager of the Management Planning Department</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 2005 Director, responsible for the Marketing 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>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>January 2015 Authorized Director of AIRA & AIFUL Public Company Limited (Current)</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</p> <p>April 2018 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division (Current)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Director of Anshin Guarantor Service Co., Ltd. • Authorized Director of AIRA & AIFUL Public Company Limited
	<p>[Reasons for selecting the candidate for Director]</p> <p>In light of his past experience, position and responsibilities, the Company renominates Mr. Sato as candidate for Director based on his abundant experience and insight regarding the overall business of the Company cultivated through his long involvement in the Company's business as a Director, and his experiences as Senior General Manager of the Management Planning Division overseeing corporate strategy as well as his service as Director of the group companies in Japan and overseas.</p>	

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
3		<p>March 1979 Joined Marutaka Co., Ltd. (currently AIFUL CORPORATION)</p> <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>June 2001 Director</p> <p>April 2005 Director, 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>Reappointment</p> <p>Kazumitsu Oishi (September 9, 1955)</p> <p>Number of shares of the Company held: 108,815</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</p> <p>April 2018 Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, counsel of Information Systems Division, Senior General Manager of the Credit Management Division, in charge of the Compliance Department (Current)</p>	
[Reasons for selecting the candidate for Director]		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.	

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
4	<div>Reappointment</div> <div>Tsuguo Nakagawa (January 15, 1958)</div> <div>Number of shares of the Company held: 121,943</div>	March 1976	Joined Oasa, Inc. (privately owned by Yoshitaka Fukuda)
		February 1996	General Manager of the Public Relations Department, the Company
		October 1998	General Manager of the East Japan Office
		October 2002	General Manager of the Credit Management Department
		April 2005	General Manager of the Credit Department
		June 2006	Director, responsible for the Examination Department and the Credit Department
		April 2007	Director, Senior General Manager of the Credit Management Division
		June 2012	Director and Managing Executive Officer, Senior General Manager of the Credit Management Division
		April 2014	President and Representative Director of ASTry Loan Services Corporation
		April 2015	Director and Managing Executive Officer, Senior General Manager of the Loan Business Division
		April 2016	Director and Managing Executive Officer, Senior General Manager of the Loan Business Division, counsel of the Marketing Department
		June 2016	Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department
		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
		April 2018	Director and Senior Managing Executive Officer, Senior General Manager of the Accounting Division, in charge of the General Affairs Department, the Personnel Department and the Credit Assessment Department (Current)
		April 2018	President and Representative Director of BUSINEXT CORPORATION (Current)
		[Significant concurrent positions]	
	• President and Representative Director of BUSINEXT CORPORATION		
[Reasons for selecting the candidate for Director] 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.			

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
5	Reappointment Mitsuhide Fukuda (June 16, 1980) Number of shares of the Company held: 62,163,939	April 2003 April 2009 March 2011 June 2011 June 2012 April 2014 April 2014 June 2014 April 2016 April 2016 June 2016 April 2017 April 2018	Joined Daiwa Securities Co., Ltd. Joined OGI Capital Partners, Ltd. Joined the Company Executive Officer, responsible for the Subsidiary Management Department Director and Executive Officer, responsible for the Subsidiary Management Department Director and Executive Officer President and Representative Director of BUSINEXT CORPORATION Director and Managing Executive Officer Director and Managing Executive Officer, responsible for the Guarantee Business Department 1 and the Guarantee Business Department 2 President and Representative Director of AsTry Loan Services Corporation Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department 1 and the Guarantee Business Department 2 Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Guarantee Business Department, the Marketing Department and the IT Planning Department (Current)
		[Reasons for selecting the candidate for Director] 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	Reappointment Yoshiaki Tanaka (September 19, 1959) Number of shares of the Company held: 7,148	April 1983 September 2006 June 2007 May 2009 April 2012 April 2015 June 2015 April 2017 April 2018	Joined The Sumitomo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank Limited) Sales Manager, Division 6, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd. General Manager, Sapporo Branch of The Sumitomo Trust & Banking Co., Ltd. Sales Manager, Division 5, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd. Sales Manager, Division 6, the Main Branch of The Sumitomo Trust & Banking Co., Ltd. Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department, the Company Director and Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department Director and Executive Officer, responsible for the Management Planning Department and Business Process Management Department, General Manager of the Management Planning Department Director and Executive Officer, responsible for the Management Planning Department and Business Process Management Department (Current)
		[Reasons for selecting the candidate for Director] 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, etc.	Past experience, positions, responsibilities and significant concurrent positions		
7	Reappointment Hiroshi Uemura (May 16, 1961) Number of shares of the Company held: 6,770	April 1985	Joined The Nippon Credit Bank, Limited (currently Aozora Bank, Ltd.)	
		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.	
		October 2007	Senior Relationship Manager of Group 11 of Corporate Business Division 1 of the Corporate Banking Division of Aozora Bank, Ltd.	
		April 2009	Manager of the Workout Division of Aozora Bank, Ltd.	
		August 2010	General Manager of the Workout Division of Aozora Bank, Ltd.	
		April 2015	Executive Officer, responsible for the Finance Department, the Company	
		June 2015	Director and Executive Officer, responsible for the Finance Department	
		April 2016	Director and Executive Officer, counsel of the Finance Department	
		June 2016	Director and Executive Officer, in charge of the Finance Department (Current)	
[Reasons for selecting the candidate for Director] 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.				
8	Reappointment Keiji Masui (March 24, 1963) Number of shares of the Company held: 55,752	August 1983	Joined the Company	
		October 2002	Acting General Manager of the Finance Department	
		April 2005	General Manager of the Kinki Loan Business Department	
		July 2007	General Manager of the Loan Business Planning and Promotion Department	
		January 2010	General Manager of the Subsidiary Management Department	
		April 2014	Executive Officer	
		June 2016	Director and Executive Officer (Current)	
		[Reasons for selecting the candidate for Director] 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.		

- (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 Masayuki Sato concurrently serves as Authorized Director of AIRA & AIFUL Public Company Limited. AIRA & AIFUL Public Company Limited and the Company has business transaction relationships.
4. The candidate for Director Tsuguo Nakagawa concurrently serves as President and Representative Director of BUSINEXT CORPORATION. BUSINEXT CORPORATION and the Company has business transaction relationships.
5. No material conflict of interest exists between the Company and other candidates for Directors.
6. 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 One Director Who Is an Audit and Supervisory Committee Member

The term of office of Director who is an Audit and Supervisory Committee Member, Mr. Minoru Shimamura, will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of one Director who is an Audit and Supervisory Committee Member is proposed.

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

The candidate for Director who is an Audit and Supervisory Committee Member is as follows:

Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
<p>Reappointment</p> <p>Minoru Shimamura (May 27, 1958)</p> <p>Number of shares of the Company held: 15,502</p>	<p>October 1983 April 2006 April 2007 January 2010 October 2012 April 2014 April 2016 April 2016 June 2016</p> <p>Joined the Company General Manager of the Subsidiary Management Department General Manager of the Marketing Department General Manager of the Credit Management Promotion Department General Manager of the Credit Management Promotion Department and General Manager of the Secured Loan Management Department General Manager of the Personnel Department General Manager of the Audit and Supervisory Committee Office Corporate Auditor of LIFECARD Co., Ltd. (Current) Director (Audit and Supervisory Committee Member), the Company (Current)</p> <p>[Significant concurrent positions] • Corporate Auditor of LIFECARD Co., Ltd.</p>
<p>[Reasons for selecting the candidate for Director who is an Audit and Supervisory Committee Member] In light of his past experience, position and responsibilities, the Company renominates Mr. Shimamura as a candidate for Director who is an Audit and Supervisory Committee Member given his wealth of operational experience and insight from his involvement in the credit management and personnel divisions of the Company, and in expectation that he will bring this rich experience and insight to bear.</p>	

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

2. 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. 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, etc.	Past experience, positions, and significant concurrent positions
<p>Satoru Imada (July 26, 1942)</p> <p>Number of shares of the Company held: 0</p>	<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"> • Representative Director of DMP – HealthBank • Representative Partner of LLC DOHOP

- (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.

Business Report

(April 1, 2017 - March 31, 2018)

I. Overview of the Company Group

1. Business Progress and Results

In the consolidated fiscal year under review, Japanese economy is in a gradual recovery as a result of recovery in corporate earnings and, employment and income environment, etc. However, the outlook for the economy remains uncertain, due to the policy management in the U.S., concerns of an economic deceleration in emerging countries and escalating geopolitical risk caused by increased tensions in international affairs, etc.

In the consumer finance industry, the number of new contracts at major players remained stable, and the operating loan balance increased moderately.

On the other hand, although interest repayment claims, industry's biggest risk, still require close monitoring even though they have declined significantly from their peak and the downward trend became more apparent in current fiscal year.

In this environment, the AIFUL Group united its effort to diversify the finance business and increase operating assets to bolster its revenue base. and the Group also worked to diversify funding sources to strengthen its financial base and improve business efficiency across the Group, while dealing with interest repayment claims as the principal management issue.

The results by business segments are as follows:

(AIFUL Corporation)

Loan business

For unsecured loans, AIFUL is working to increase the number of new contracts concluded and the operating loan balance by improving its customer service through renewing the website and enhancing the convenience of smartphone websites, 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 197,000 (up 8.2% year on year) and the contract rate was 45.6% (up 0.3pt year on year).

As a result, the amount of unsecured loans outstanding in the consolidated fiscal year under review was 341,777 million yen (up 13.5% year on year). The amount of secured loans outstanding was 12,403 million yen (down 24.6% year on year), the amount of small business loans outstanding was 5,850 million yen (up 27.9% year on year) and total amount of 360,031 million yen (up 11.8% year on year) in operating loans outstanding for the loan segment. (27,264 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 67,201 million yen, up 15.4% 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 33,451 million yen, down 3.0% year on year.

Of the credit guarantee for the unsecured business loans, 23,537 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 64,663 million yen (up 10.8% year on year), operating profit of 366 million yen (down 89.8% year on year), ordinary profit of 979 million yen (down 76.1% year on year), and profit of 2,437 million yen (down 49.5% year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD is working to expand the number of new applications through issuing new tie-up cards and affiliated business credit card, in addition to aggressive affiliate advertising. Also, it increased the credit limits and added privilege of exchanging point 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 733,305 million yen, up 5.7% year on year, and the balance of installment receivables stood at 99,955 million yen, up 3.8% year on year. (3,208 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 31,594 million yen, up 1.2% year on year. (1,361 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 163 companies for unsecured personal loan guarantee and the guarantee for loans outstanding amounted to 20,639 million yen, up 3.9% year on year. Also, there were affiliations with 39 companies for unsecured business loan guarantee, and the guarantee for loans outstanding totaled 1,392 million yen, up 22.3% year on year.

As a result, LIFECARD Co., Ltd operating revenue amounted to 42,979 million yen (up 48.8% year on year), operating profit was 4,119 million yen (up 42.1% year on year), ordinary profit was 4,261 million yen (up 31.6% year on year) and profit was 2,746 million yen (down 9.4% year on year).

(AIRA & AIFUL Public Company Limited)

AIRA & AIFUL Public Company Limited, which engaged in the consumer credit business in the Kingdom of Thailand from September 2015 achieved steady growth due to brisk demand for funds with a background of economic growth and rising consumption in Thailand. At the end of the consolidated fiscal year under review, the number of accounts was 300 thousand (up 235.1% year on year) and the operating loan balance was 16,020 million (up 238.0% year on year).

As a result, for the consolidated fiscal year under review, AIRA & AIFUL Public Company Limited recorded operating revenue of 2,977 million yen; however, due to expenses associated with active prior investment for business expansion, the operating loss was 2,016 million yen, the ordinary loss was 2,013 million yen and the net loss was 2,013 million yen.

(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 4,961 million yen (up 10.6% year on year), operating loss was 464 million yen (compared with operating loss of 6 million yen in the previous period), ordinary loss was 426 million yen (compared with ordinary income of 67 million yen in the previous period) and net loss was 608 million yen (compared with net loss of 53 million yen in the previous period).

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year ended March 31, 2018, rose 26.2% compared with the previous fiscal year to 115,389 million yen. The principal components and their movements were interest on loans, which increased 17.6% year on year to 56,305 million yen, revenue from the credit card business, which increased 3.9% to 16,025 million yen, revenue in the credit guarantee business, which increased 4.0% to 12,992 million yen, the collection of purchased receivables, which decreased 1.1% to 2,074 million yen, the recoveries of written off claims, which increased 12.9% to 6,411 million yen and sales of software development, which was 12,803 million yen.

Operating expenses increased 28,456 million yen, or 33.7%, compared with the previous fiscal year to 112,897 million yen. The main factors for the increase were recording 11,244 million yen of cost of sales of software development and 8,625 million yen expenses related to interest repayment because the Company made an additional allowance for losses on interest repayments of 12,384 million yen and the reversal of allowance for doubtful accounts associated with interest repayment's waiver of principal of 3,759 million yen.

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 2,492 million yen (down 64.4% year on year), ordinary profit of 2,823 million yen (down 61.8% year on year). Profit attributable to owners of parent was 3,958 million yen (down 45.6% year on year), reflecting a gain on reversal of share acquisition rights of 703 million yen as extraordinary income and a loss attributable to non-controlling interests of 1,012 million yen.

AIRA & AIFUL Public Company Limited, which was an unconsolidated subsidiary providing consumer financing in the Kingdom of Thailand, is included in the scope of consolidation from the first quarter of fiscal year under review due to an increase in its importance. Net income attributable to owners of parent is affected by income attributable to AIFUL's equity in AIRA & AIFUL Public Company Limited.

2. Capital Investments

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 2,561 million yen. Main items were facilities-related investment for the opening of new outlets of 98 million yen, investment related to EDA Center facilities of 241 million yen, system-related investment related to updating of HUB servers of 242 million yen, investment related to credit cards of 944 million yen and investment associated with deferred payment settlement business of 33 million yen.

3. Financing

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

The balance of short-term borrowings (consolidated basis at the fiscal year-end) was 83,325 million yen (up 13.2% year on year), the balance of long-term debt was 274,011 million yen (up 41.3% year on year), the balance of corporate bonds was 8,500 million yen (down 74.0% year on year), and the balance of fund procurement, etc., rose 21.8% to 365,836 million yen.

4. Issues to be Addressed

In the industry to which the AIFUL Group belongs, the number of new contracts remained solid mainly due to recovery in business confidence and aggressive advertising by major players, and also the operating loan balance recovered steadily. Meanwhile, the interest repayment claims, industry's biggest risk, still require close monitoring even though they have declined significantly from their peak and the downward trend became more apparent.

In this environment, while dealing with the principal management issue of interest repayment claims, it is taking measures to diversify the financial business and increase operating assets. The Group is also working to diversify funding channels to strengthen its financial base and improve business efficiency across the Group.

In addition, the AIFUL Group will continuously 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 38th fiscal year ended March 31, 2015	The 39th fiscal year ended March 31, 2016	The 40th fiscal year ended March 31, 2017	The 41st fiscal year ended March 31, 2018 (Consolidated fiscal year under review)
Loans to customers (millions of yen)	350,017	376,224	412,649	472,018
Number of customer accounts (accounts)	824,342	861,471	916,917	1,299,171
Operating revenue (millions of yen)	86,352	87,708	91,450	115,389
Ordinary profit (loss) (millions of yen)	(36,498)	6,860	7,399	2,823
Profit (loss) attributable to owners of parent (millions of yen)	(36,499)	7,044	7,276	3,958
Net income (loss) per share (yen)	(75.74)	14.59	15.05	8.18
Diluted net income (loss) per share (yen)	—	14.57	15.04	—
Total assets (millions of yen)	560,323	567,514	616,651	682,645
Net assets (millions of yen)	97,475	104,250	111,649	119,407

(Note) Off-balance sheet operating loans from the securitization of claims (62,367 million yen in the 38th fiscal year, 60,677 million yen in the 39th fiscal year, 60,020 million yen in the 40th fiscal year, and 59,311 million yen in the 41st fiscal year) have been included in the amount of loans to customers.

6. Significant Subsidiaries (as of March 31, 2018)

(1) Significant Subsidiaries

Company name	Capital	The Company's percentage of voting rights	Principal business
LIFECARD Co., Ltd.	100 million yen	100.00%	Credit sales and credit guarantee business
BUSINEXT CORPORATION	100 million yen	100.00%	Small business loan operations
AsTry Loan Services Corporation	600 million yen	100.00%	Debt collection business
AG Capital Co., Ltd.	10 million yen	100.00%	Venture capital business
AIRA & AIFUL Public Company Limited	4,000 million Thai Baht	49.75%	Consumer finance business

- (Note) 1. Shares of BUSINEXT CORPORATION are held indirectly through AG Capital Co., Ltd.
2. Although the Company's percentage of voting rights of AIRA & AIFUL Public Company Limited is 49.75%, it is included as a consolidated subsidiary under the control concept.

- (2) Status of specified wholly-owned subsidiaries
No relevant matters

7. Principal Business (as of March 31, 2018)

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

8. Principal Business Locations (as of March 31, 2018)

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, 2018)

(1) State of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
2,503 [994]	Increase of 1,030 [decrease of 22]

- (Notes)
1. Number of employees is the number of full-time employees.
 2. The number of employees does not include 994 temporary employees shown in brackets.
 3. The main reason of an increase in the number of employees is that AIRA & AIFUL Public Company Limited became a consolidated subsidiary.

(2) State of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
1,057	Increase of 38	38.79 years old	13 years and 4 months

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

10. Major creditors (as of March 31, 2018)

(1) Major creditors of the Corporate Group

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	79,717
Aoyama Capital Co., Ltd	54,080
Aozora Bank, Ltd.	29,417
Kinki Sangyo Credit Union	14,875
The Tokyo Star Bank, Limited	7,378

- (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 (17,000 million yen) from 2 financial institutions
 Syndicated loan (20,153 million yen) from 1 financial institution
 Syndicated loan (3,628 million yen) from 9 financial institutions
 Syndicated loan (9,917 million yen) from 3 financial institutions
 Syndicated loan (14,500 million yen) from 8 financial institutions
 3. In addition to the above, funding of 116,303 million yen was procured through securitization of claims.

(2) Major creditors of the Company

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	69,217
Aozora Bank, Ltd.	29,417
Kinki Sangyo Credit Union	12,975
The Tokyo Star Bank, Limited	7,378
The Yamaguchi Bank, Ltd.	5,000

- (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 (17,000 million yen) from 2 financial institutions
Syndicated loan (20,153 million yen) from 1 financial institution
Syndicated loan (3,628 million yen) from 9 financial institutions
Syndicated loan (9,917 million yen) from 3 financial institutions
3. In addition to the above, funding of 116,303 million yen was procured through securitization of claims.

II. Status of the Company

1. Status of Shares (as of March 31, 2018)

- (1) Total number of shares authorized to be issued Common stock 1,136,280,000 shares
- (2) Total number of issued shares 484,620,136 shares
(including 917,138 shares of treasury stock)
- (3) Number of shareholders 30,167 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	12.84
Marutaka Co., Ltd.	24,543	5.07
GOLDMAN, SACHS & CO. REG	21,534	4.45
The Master Trust Bank of Japan, Ltd. (trust account)	19,458	4.02
Japan Trustee Services Bank, Ltd. (trust account)	11,569	2.39
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	10,340	2.13
Japan Trustee Services Bank, Ltd. (trust account 5)	6,322	1.30
HSBC BANK PLC A/C IB MAIN ACCOUNT	5,228	1.08
Japan Trustee Services Bank, Ltd. (trust account 1)	4,692	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, 2018)
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, 2018)

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 Administrative Information Office and the Internal Auditing Department 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 Director of Anshin Guarantor Service Co., Ltd. Authorized Director of AIRA & AIFUL Public Company Limited
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, and the General Affairs Department
Director	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
Director	Mitsuhide Fukuda	Senior Managing Executive Officer, in charge of the Guarantee Business Department President and Representative Director of AsTry Loan Services Corporation President and Representative Director of BUSINEXT CORPORATION
Director	Yoshiaki Tanaka	Executive Officer, responsible for the Management Planning Department and Business Process Management 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)	Satoru Toda	Corporate Auditor of LIFECARD Co., Ltd.
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 Outside Director (Audit and Supervisory Committee Member) of KYOTO TOOL CO., LTD.

(Notes) 1. Of the Directors who are Audit and Supervisory Committee Members, Messrs. Satoru Toda 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. Satoru Toda, 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 UEMATSU/SUZUKI Law Office and the Company.
4. No material conflict of interest exists between KYOTO TOOL CO., LTD. and the Company.
5. Mr. Satoru Toda 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.
6. Significant changes in Directors' duties and concurrent positions from the day after the end of the fiscal year under review are as follows.

Name	Responsibilities and significant concurrent positions	Date of change
Masayuki Sato	Senior Managing Executive Officer, Senior General Manager of the Management Planning Division Director of Anshin Guarantor Service Co., Ltd. Authorized Director of AIRA & AIFUL Public Company Limited	April 1, 2018
Kazumitsu Oishi	Senior Managing Executive Officer, Chairperson of the Compliance Committee, counsel of Information Systems Division, Senior General Manager of the Credit Management Division, in charge of the Compliance Department	April 1, 2018
Tsuguo Nakagawa	Senior Managing Executive Officer, Senior General Manager of the Accounting Division, in charge of the General Affairs Department, the Personnel Department and the Credit Assessment Department President and Representative Director of BUSINEXT CORPORATION	April 1, 2018
Mitsuhide Fukuda	Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Guarantee Business Department, the Marketing Department and the IT Planning Department	April 1, 2018
Yoshiaki Tanaka	Executive Officer, responsible for the Management Planning Department and Business Process Management Department	April 1, 2018

(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 (Audit and Supervisory Committee Member)	Masanobu Hidaka	Corporate Auditor of LIFECARD Co., Ltd. Outside Director of Media Kobo. Inc.	June 27, 2017

(Note) The Director who was an Audit and Supervisory Committee Member, Mr. Masanobu Hidaka retired due to expiration of his term of office.

(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)	6	121
Directors who are Audit and Supervisory Committee Members (Of which, Outside Directors)	4 (3)	36 (23)
Total	10	158

- (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 (excluding Directors who are Audit and Supervisory Committee Members) 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

Name	Main activities
Masanobu Hidaka	He participated in all 7 meetings of the Board of Directors held before his retirement on June 27, 2017; he provided opinions when deemed appropriate. Additionally, he participated in all 3 meetings of the Audit and Supervisory Committee held before his retirement; he engaged in consultation, etc. in important matters related to auditing.
Satoru Toda	He participated in all 20 meetings of the Board of Directors held after his appointment; he provides opinions when deemed appropriate. Additionally, he participated in all 10 meetings of the Audit and Supervisory Committee held after his appointment; he engages in consultation, etc. in important matters related to auditing.
Haruichi Suzuki	He participated in 22 out of 27 meetings of the Board of Directors held during the fiscal year ended March 31, 2018; he provides opinions when deemed appropriate. Additionally, he participated in 12 out of 13 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2018; he engages 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, 2018

	Payments (In millions of yen)
Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2018	61
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	87

(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, 2018 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 5 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 4 times, 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 4 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 in Japan and the Overseas Business Department as the managing division for overseas 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, Subsidiary Management Department and Overseas Business Department and are briefed on the status of execution of duties.
 - As an office 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

The return of profits to shareholders is a management priority at the AIFUL Group. The Group's basic policy calls for a consistent return of profits in line with business results. The Group aims to maximize shareholder returns and shareholder value while simultaneously securing stable internal reserves through medium to long-term profit growth.

However, the financial burden associated with claims for interest repayments is still heavy, and losses in the distributable amount have continued. The Group therefore regrets to announce that we will be unable to pay any dividends for the fiscal year ended March 31, 2018 and forecast no dividends for the next fiscal year.

The AIFUL Group has been dealing with the principal management issue of interest repayment claims. At the same time, it is taking measures to diversify the financial business and increase operating assets to bolster its revenue base, and also work to diversify funding sources. The Group is also determined to return to the basic policy outlined above by improving its financial position and profitability.

The AIFUL Group asks all of its shareholders for their understanding and cooperation in these endeavors.

Instructions for Voting via the Internet, etc.

If you are exercising 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: <https://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 25, 2018 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.