This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Securities identification code: 7180
June 3, 2016

To our shareholders:

Motohiro Kamimura
President

Kyushu Financial Group, Inc.
6-6, Kinseicho, Kagoshima-shi, Kagoshima-ken
(The address above is the registered address of the Company. Head office operations are conducted at the address below.)
1, Rempeicho, Chuo-ku, Kumamoto-shi, Kumamoto-ken

NOTICE OF THE 1ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 1st Ordinary General Meeting of Shareholders of Kyushu Financial Group, Inc. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or on the Internet, etc. After reviewing the Reference Documents for the General Meeting of Shareholders hereinafter described, please exercise your voting rights no later than Monday, June 20, 2016 at 5:30 p.m. (Japan Standard Time).

Meeting Details

1. Date and time: Tuesday, June 21, 2016 at 10:00 a.m. (Japan Standard Time)

2. Venue: Shiroyama Kanko Hotel
International convention hall emerald on the 4th floor
41-1, Shinshoincho, Kagoshima-shi, Kagoshima-ken

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 1st Term (from October 1, 2015 to March 31, 2016), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. Non-Consolidated Financial Statements for the 1st Term (from October 1, 2015 to March 31, 2016)

Note:
The Company's first business year is from October 1, 2015 to March 31, 2016, but the consolidated fiscal year under review is from April 1, 2015 to March 31, 2016.

Items to be resolved:

Proposal 1: Election of ten (10) Directors

Proposal 2: Election of one (1) Corporate Auditor

Proposal 3: Determination of the Amounts of Remuneration, etc., for Directors and Corporate Auditors

Notes:
1. Among the documents that the Company should provide to its shareholders when sending this Convocation Notice, the information contained in the following documents is posted on the Company's website (https://www.kyushu-fg.co.jp/) in accordance with the laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation, and therefore it is not included in the documents attached hereto.
   (i) The Non-Consolidated Statement of Changes in Nets Assets, and the Notes to Non-Consolidated Financial Statements
   (ii) The Consolidated Statement of Changes in Nets Assets, and the Notes to Consolidated Financial Statements
   Thus, the documents attached hereto comprise only part of the Consolidated Financial Statements and Non-Consolidated Financial Statements, etc., that the Accounting Auditor audited in preparing its Accounting Audit Report and that the Corporate Auditors audited in preparing their Audit Report.
2. If any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements, the Company will post the revised material on its website (https://www.kyushu-fg.co.jp/).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of ten (10) Directors

The terms of office of all ten current Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of ten (10) Directors.
Please note that the nominations of the Candidates for Directors have been approved by the Board of Directors under the Candidate Selection Policies established by the Company.

<Director Candidate Selection Policies>

1. On the assumption that Candidates for Director satisfy the statutory requirements, the selection policies are as follows.
   (i) Candidates for Director originally from the Group who possess knowledge, experience, and ability in various fields, such as management, business, and supervision in financial services, and who also are well informed about economic and social conditions must be selected with a balanced representation of backgrounds.
   (ii) In accord with the preceding item, multiple Candidates for Outside Director who have knowledge, experience, and ability in fields that should particularly be supplemented from the perspective of management of the Group and who do not infringe the independence standards established by the Company must be selected.
2. In selecting Candidates for Director, the Board of Directors must observe the policies set forth in the preceding item and, in the selection stage, provide an opportunity for appropriately receiving the Outside Directors' involvement and advice.
3. Each time that selections are made, the Board of Directors must examine the percentage of Outside Directors in the entire Board of Directors as well as the balance between knowledge, experience, and ability, etc., in accord with such factors as changes in the management environment surrounding the Group and the Group's management strategy.

Furthermore, the two Outside Directors both meet the independence standards for outside officers established by the Company. (Please refer to page 10 of this document for an overview of the Outside Officer Independence Standards.)

The candidates for Director are as follows.

No.	Name	Current position and responsibilities in the Company	
1	Takahiro Kai	Chairman of the Board (Head)	[For reelection]
2	Motohiro Kamimura	President (Head, in charge of Audit Division)	[For reelection]
3	Akihisa Koriyama	Director (In charge of Corporate Planning Division)	[For reelection]
4	Tsuyoshi Mogami	Director (In charge of Operations Administration and IT Management Division)	[For reelection]
5	Hiroyuki Matsunaga	Director (In charge of Compliance and Risk Management Division)	[For reelection]
6	Yoshihisa Kasahara		[New election]
7	Toru Hayashida	Director (General Manager of Corporate Planning Division)	[For reelection]
8	Tsukasa Tsuruta		[New election]
9	Katsuaki Watanabe		[For reelection] [Outside]
10	Takejiro Sueyoshi		[For reelection] [Outside]

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
(significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Takahiro Kai
(April 25, 1951)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1975 Joined The Higo Bank, Ltd.
Jun. 2006 Senior Managing Director
Jun. 2008 Representative Director and Deputy President
Jun. 2009 Representative Director and President (to present)
Oct. 2015 Chairman of the Board of the Company (Head) (to present)

[Significant concurrent positions outside the Company]
Representative Director and President of The Higo Bank, Ltd.
Chairman of The District Economics Research Institute of Kumamoto Area
Chairman of Foundation for the Preservation of Green and Water Resources in the Province of Higo</td><td>82,370</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
Takahiro Kai has driven the general management of The Higo Bank, Ltd., now a wholly owned subsidiary of the Group, as its Representative Director and President since 2009. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Takahiro Kai can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
<tr><td rowspan="2">2</td><td>Motohiro Kamimura
(August 18, 1952)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1975 Joined The Kagoshima Bank, Ltd.
Jun. 2004 Director and General Manager of Operations Management Division
Jun. 2006 Managing Director
Jun. 2010 President (to present)
Oct. 2015 President of the Company (Head, in charge of Audit Division) (to present)

[Significant concurrent positions outside the Company]
President of The Kagoshima Bank, Ltd.</td><td>29,850</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
Motohiro Kamimura has driven the general management of The Kagoshima Bank, Ltd., now a wholly owned subsidiary of the Group, as its President since 2010. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Motohiro Kamimura can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
(significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Akihisa Koriyama
(May 11, 1957)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1980 Joined The Kagoshima Bank, Ltd.
Jun. 2010 Director and General Manager of Personnel Division
Jun. 2011 Managing Director and General Manager of Integrated Planning Division
Jun. 2014 Senior Managing Director (to present)
Oct. 2015 Director of the Company (In charge of Corporate Planning Division) (to present)
[Significant concurrent positions outside the Company]
Senior Managing Director of The Kagoshima Bank, Ltd.</td><td>19,460</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
Akihisa Koriyama has held various positions in The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. After having worked successively as the director in charge of corporate planning, the director in charge of business, and the director in charge of personnel, since 2014, he has held the position of Senior Managing Director. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Akihisa Koriyama can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
<tr><td rowspan="2">4</td><td>Tsuyoshi Mogami
(June 18, 1956)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1980 Joined The Higo Bank, Ltd.
Jun. 2011 Director, Executive Officer and General Manager of Loan Management Division
Jun. 2013 Director and Managing Executive Officer
Jun. 2015 Director and Senior Managing Executive Officer (to present)
Oct. 2015 Director of the Company (In charge of Operations Administration and IT Management Division) (to present)
[Significant concurrent positions outside the Company]
Director and Senior Managing Executive Officer of The Higo Bank, Ltd.</td><td>28,526</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
Tsuyoshi Mogami has held various positions in The Higo Bank, Ltd., now a wholly owned subsidiary of the Group. After having worked successively as the director in charge of corporate planning, the director in charge of personnel, and the director in charge of credit, since 2015, he has held the position of Director and Senior Managing Executive Officer. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Tsuyoshi Mogami can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
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<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
(significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Hiroyuki Matsunaga
(April 10, 1961)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1985 Joined The Kagoshima Bank, Ltd.
Jun. 2015 Executive Officer and General Manager of Corporate Planning Division
Oct. 2015 Director of the Company (In charge of Compliance and Risk Management Division) (to present)
Apr. 2016 Managing Director and General Manager of Corporate Planning Division, The Kagoshima Bank, Ltd. (to present)
May 2016 Director of The Higo Bank, Ltd. (to present)
[Significant concurrent positions outside the Company]
Managing Director of The Kagoshima Bank, Ltd.
Director of The Higo Bank, Ltd. (Non-Executive)</td><td>10,890</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
Hiroyuki Matsunaga has held various positions in The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. After having worked successively as Chief of Branch, General Manager of Business Supporting Division, and General Manager of Corporate Planning Division, in 2016, he assumed the position of Managing Director. In that same year, he also assumed the position of Director of The Higo Bank, Ltd. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Hiroyuki Matsunaga can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>Yoshihisa Kasahara
(January 5, 1962)
[New election]</td><td>Apr. 1984 Joined The Fuji Bank, Limited
Apr. 2014 Managing Executive Officer and Officer in charge of Sales, Mizuho Trust & Banking Co., Ltd.
Apr. 2015 Joined The Higo Bank, Ltd. (Managing Executive Officer and General Manager of Internal Audit Division)
Jun. 2015 Director and Managing Executive Officer (to present)
May 2016 Director of The Kagoshima Bank, Ltd. (to present)
[Significant concurrent positions outside the Company]
Director and Managing Executive Officer of The Higo Bank, Ltd.
Director of The Kagoshima Bank, Ltd. (Non-Executive)</td><td>3,400</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Director
After working in the position of Managing Executive Officer at Mizuho Trust & Banking Co., Ltd., from 2015, Yoshihisa Kasahara worked successively as the General Manager of the Internal Audit Division and the Director in charge of the Internal Audit Division, and, in the same year, he assumed the position of Director and Managing Executive Officer in The Higo Bank, Ltd., which is now a wholly owned subsidiary of the Group. Then, in 2016, he assumed the position of Director of The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Yoshihisa Kasahara can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
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<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities
(significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Toru Hayashida
(June 6, 1959)
[For reelection]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1983
Apr. 2015

Jun. 2015

Oct. 2015
Oct. 2015</td><td>Joined The Higo Bank, Ltd.
Executive Officer and Chief of Business Integration Preparation Section
Director, Executive Officer and Chief of Business Integration Preparation Section
Director
Director of the Company (General Manager of Corporate Planning Division) (to present)</td><td>15,600</td></tr>
<tr><td colspan="4">Reasons for nomination as candidate for Director
Tooru Hayashida has held various positions in The Higo Bank, Ltd., now a wholly owned subsidiary of the Group. After working successively as Executive Officer and General Manager of General Planning Division, he assumed the position of Director, Executive Officer and Chief of Business Integration Preparation Section. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Tooru Hayashida can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
<tr><td rowspan="2">8</td><td>Tsukasa Tsuruta
(August 16, 1959)
[New election]</td><td>Apr. 1984
Jun. 2013
Jun. 2014

Jun. 2015

Apr. 2016</td><td>Joined The Kagoshima Bank, Ltd.
Chief of Chuo Branch
Director and General Manager of Business Supporting Division
Executive Officer and General Manager of Business Supporting Division
Executive Officer and Counselor of Corporate Planning Division (to present)</td><td>12,000</td></tr>
<tr><td colspan="4">Reasons for nomination as candidate for Director
In The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group, Tsukasa Tsuruta has worked successively in the positions of Chief of Branch, General Manager of Credit Supervision Division, and Director and General Manager of Business Supporting Division. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Tsukasa Tsuruta can contribute to the Group's further development, and it has therefore nominated him as a Candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities
(significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">9</td><td>Katsuaki Watanabe
(February 13, 1942)
[For reelection]
[Outside]
Attendance at 7 out of 7 board of directors meetings (100%)</td><td>Apr. 1964 Joined Toyota Motor Co., Ltd. (currently, Toyota Motor Corporation)
Sep. 1992 Director of Toyota Motor Corporation
Jun. 1997 Managing Director
Jun. 1999 Senior Managing Director
Jun. 2001 Executive Vice President
Jun. 2005 President
Jun. 2009 Vice Chairman
Jun. 2011 Senior Advisor
Jul. 2015 Advisor (to present)
Oct. 2015 Outside Director of the Company (to present)

[Significant concurrent positions outside the Company]
Advisor of Toyota Motor Corporation
Chairman of the Board of Directors of Metropolitan Expressway Company Limited
Corporate Auditor of Sumitomo Electric Industries, Ltd.
Corporate Auditor of Towa Real Estate Co., Ltd.</td><td>—</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for Outside Director
Since the Company judges that, based on the rich experience, broad insight, and knowledge that he has developed as a top executive of leading manufacturers, Katsuaki Watanabe can supervise the general management of the Group from an objective and neutral standpoint, it requests his election as an Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the Outside Officer Independence Standards established by the Company.</td></tr>
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No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
10	Takejiro Sueyoshi (January 3, 1945) [For reelection] [Outside] Attendance at 5 out of 7 board of directors meetings (71.4%)	Apr. 1967 Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Apr. 1994 Chief of New York Branch Jun. 1994 Director Apr. 1996 President of Bank of Tokyo-Mitsubishi Trust Company (New York) Jun. 1998 Executive Deputy President of Nikko Asset Management Co., Ltd. Jul. 2003 Special Advisor to UNEP Finance Initiative (to present) May 2007 Director of Takashimaya Co., Ltd. Jun. 2007 Auditor of The The Kagoshima Bank, Ltd. May 2009 Director of Aeon Co., Ltd. (to present) Jun. 2010 Director of IntegreX. Inc Jun. 2010 Director of FP Corporation (to present) Oct. 2015 Outside Director of the Company (to present) [Significant concurrent positions outside the Company] Director of Aeon Co., Ltd. Director of FP Corporation Special Advisor to UNEP Finance Initiative	–
	Reasons for nomination as candidate for Outside Director Since the Company judges that, based on the rich experience, broad insight, and knowledge that he has developed as a top executive of leading financial institutions and as Special Advisor to UNEP Finance Initiative, Takejiro Sueyoshi can supervise the general management of the Group from an objective and neutral standpoint, it requests his election as an Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the Outside Officer Independence Standards established by the Company.		

Notes:

1. Candidate Takahiro Kai concurrently serves as Chairman of The District Economics Research Institute of Kumamoto Area and Chairman of Foundation for the Preservation of Green and Water Resources in the Province of Higo, and The Higo Bank, Ltd., which is a wholly owned subsidiary of the Company, makes donations to both of these foundations.
   There is no special interest between any of the other Candidates for Director and the Company.
2. Katsuaki Watanabe and Takejiro Sueyoshi are Candidates for Outside Director.
3. The terms of office of Katsuaki Watanabe and Takejiro Sueyoshi as Outside Directors of the Company will both be approximately nine months at the conclusion of this meeting.
4. Both Katsuaki Watanabe and Takejiro Sueyoshi are registered, with the stock exchanges on which the Company is listed, as Independent officers who have no possibility of a conflict of interest arising with ordinary shareholders. If they are both elected as Outside Directors, the Company plans to continue to register them as Independent officers.
5. With respect to the liability provided for in Article 423, Paragraph 1 of the Companies Act, the Company has entered into limited liability agreements with Katsuaki Watanabe and Takejiro Sueyoshi that limit their liabilities to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. If they are both elected as Outside Directors, the Company plans to continue the agreements with them.
6. In December 2013, Sumitomo Electric Industries, Ltd., where Katsuaki Watanabe serves as an outside auditor, received a cease and desist order, etc., from the Japan Fair Trade Commission on the suspicion of having violated the Antimonopoly Act in connection with receiving orders from Tokyo Electric Power Company Holdings, Incorporated, for overhead transmission line construction. In addition to this, in July 2013, Sumitomo Electric Industries, Ltd., received notification from the European Commission of its decision finding infringements of the EU competition law in connection with transactions for automotive wiring-harness products, and, in August 2014, the same company was ordered by the National Development and Reform Commission of China to pay a surcharge under the Chinese Antimonopoly Law. Furthermore, in April 2014, a surcharge was imposed on the same company by the European Commission for its finding of infringement of the EU competition law in connection with transactions involving high voltage and special high voltage power cables. It

has been found that these violations ended before Katsuaki Watanabe's term of office. Until the situations became known, he was not aware of acts that were subject to orders, decisions, etc. However, with respect to compliance, on a regular basis and in collaboration with other corporate auditors, he checks and expresses opinions on the internal control system and concrete measures. Furthermore, after the situations became known, to eliminate and prevent violations of antitrust law, including overseas competition law, he made statements concerning such issues as development and improvement of the entire Sumitomo Electric Group's compliance system for competition law and the thoroughness and firm establishment of that system.

7. In relation to AEON Co., Ltd., where Takejiro Sueyoshi serves as an outside director, it was discovered that, from February to March of 2013, an executive officer of the same company had been involved in unfair trading of stock. In the Board of Directors of the same company, Takejiro Sueyoshi has executed his duties as an outside director through statements on strengthening corporate governance to achieve the prevention of a recurrence.

<Outside Officer Independence Standards>

1. An outside officer must not be a managing director, an executive officer, or an employee of the Company or a Group company (hereinafter referred to as “person who executes business”), and he or she must not have been a person who executes business at any time in the past ten years. Furthermore, an outside officer must not be a director, an auditor, an accounting advisor, an executive officer, a corporate executive officer, or an employee of any company of which the Group is the main shareholder. (This means any company in which, at the end the most recent business year, the Group’s ratio of voting rights held is 10% or more of the total voting rights.)
2. An outside officer must be neither an entity whose major customer is the Company or a Group company nor a parent company or a significant subsidiary of that entity. Furthermore, if the entity is a company, then an outside officer must be neither a person who executes business of the company nor, at any time in the last three years, a person who executes business of the company.
3. An outside officer must be neither an entity who is a major customer of the Company or a Group company nor a parent company or significant subsidiary of that entity. Furthermore, if the entity is a company, then an outside officer must be neither a person who executes business of the company nor, at any time in the last three years, a person who executes business of the company.
4. An outside officer must not be a person who executes business of an organization that receives donations, etc., from the Company or a Group company that exceed a specified amount. (Specified amount means the larger of either 10 million yen per year on average in the last three years, or 30% of the average annual total expenses of the organization that receives donations, etc.)
5. An outside officer must not be an officer, such as a director, of a company, the parent company of a company, or the group company of a company that receives directors from the Company or a Group company.
6. An outside officer must not now be the Accounting Auditor or an employee, etc., of the Accounting Auditor of the Company or a Group company; furthermore, within the past three years, as such an employee, etc., he or she must not have been responsible for audit work of the Company or a current Group company.
7. An outside officer who is an attorney, consultant, etc. (including, in the case of a corporation, an employee, etc., who should perform the duties of those functions) must not have received, from the Company or a Group company, other than directors’ remuneration, any monetary or other economic benefit of 10 million yen or more per year on average in the last three years, and he or she must not be an employee, etc., of a law office, etc., that has the Company or a Group company as a major client.
8. An outside officer must be neither a close relative of a Director or an Executive Officer of the Company or a Group company nor a close relative of an important employee, etc., who is in a position equivalent to officer, such as advisor, associate director, or consultant, of the Company or a Group company (hereinafter referred to as “person equivalent to an officer”). Furthermore, in the last five years, he or she must not have been the spouse or a relative within the second degree of kinship (hereinafter referred to as “close relative”) of the said Director, Executive Officer, or person equivalent to an officer, and his or her close relative must not correspond to the same criteria as those in items 1, 2, 3, 4, 6, and 7 above.
9. In addition, an outside officer must be a person who has no possibility, on a regular and continuous basis, of a substantial conflict of interest arising with the Company’s ordinary shareholders as a whole, for any circumstance other than a reason taken into account in the aforementioned items.

Supplementary Provisions

1. Even if a person does not satisfy any one of the items 2 through 8 above, if the Company thinks that, in light of his or her character, insight, etc., the person is suitable as an outside officer of the Company, then, on condition that his or her candidacy will be explained publicly, the person may be selected as a candidate for outside officer of the Company.
2. Under these standards, if an outside officer who is judged as possessing independence loses independence, he or she shall notify the Company promptly.
3. In these standards, “a major customer” means an entity whose transaction value between it and the Group in any of the past three business years, including the most recent business year, is 1% or more of the yearly gross annual sales revenue (consolidated annual gross income from business in the case of the Company).

Proposal 2: Election of one (1) Corporate Auditor

Corporate Auditor Toyonori Ueno will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one (1) Corporate Auditor as his substitute.

Please note that the nomination of the Candidate for Corporate Auditor has been determined by the Board of Directors under the Candidate Selection Policies established by the Company, and that the Board of Directors has obtained the consent of the Board of Corporate Auditors.

<Corporate Auditor Candidate Selection Policies>

1. On the assumption that the Candidates for Corporate Auditor satisfy the statutory requirements, the selection policies for them are as follows.
   (i) One or more Candidates for Corporate Auditor must be originally from the Group and possess knowledge, experience, and ability in various fields, such as management, business, and supervision in financial services, be well informed about economic and social conditions, and possess appropriate knowledge of finance and accounting.
   (ii) In accord with the preceding item, Candidates for Outside Corporate Auditor who have knowledge in an area that should particularly be supplemented from the perspective of management audits of the Group and who do not infringe the independence standards established by the Company (see page 10) must be selected such that they account for half or more of the total number of Candidates for Corporate Auditor who are selected.
2. In selecting Candidates for Corporate Auditor, the Board of Directors shall observe the policies set forth in the preceding item and, in the selection stage, obtain the consent of the Board of Corporate Auditors.

The Candidate for Corporate Auditor is as follows.

Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
Shiichiro Shimoyama (September 14, 1952) [New election]	Apr. 1976 Joined The Higo Bank, Ltd. Jun. 2010 Director, Managing Executive Officer and General Manager of Personnel Division Jun. 2012 Director and Senior Managing Executive Officer Oct. 2015 Director of the Company (to present) May 2016 Corporate Auditor of The Higo Bank, Ltd. (to present) [Significant concurrent positions outside the Company] Corporate Auditor of The Higo Bank, Ltd.	41,700

Reasons for nomination as candidate for Corporate Auditor

Shiichiro Shimoyama has held various positions in The Higo Bank, Ltd., now a wholly owned subsidiary of the Group. After having worked successively as the director in charge of corporate planning, the director in charge of business, and the director in charge of personnel, he held the position of Director and Senior Managing Executive Officer. Then, in 2016, he assumed the position of Corporate Auditor. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services as well as appropriate knowledge of finance and accounting, the Company believes that Shiichiro Shimoyama can contribute to ensuring the soundness of the Group, and it has therefore nominated him as the Candidate for Corporate Auditor.

Note:
There is no special interest between the candidate and the Company.

Proposal 3: Determination of the Amounts of Remuneration, etc., for Directors and Corporate Auditors

With respect to the amount of remuneration, etc., for Directors of the Company, in Article 2 of the supplementary provisions of the Company's Articles of Incorporation, it is provided that, for the period from the date of incorporation of the Company until the conclusion of the first Ordinary General Meeting of Shareholders, the amount of remuneration, etc., for Directors shall be a total monthly amount not exceeding 25 million yen and that the amount of remuneration, etc., for Corporate Auditors shall be a total monthly amount not exceeding 10 million yen.
Therefore, the Company would like to obtain approval for the amounts of remuneration, etc., for the Company's Directors and Corporate Auditors that will take effect after the conclusion of this meeting.
With respect to the remuneration, etc., of the Directors and Corporate Auditors after the conclusion of this General Meeting of Shareholders, the Company has carefully examined various factors, such as the status of the Company's management system and economic conditions. As a result, the Company would like to keep the amount of remuneration, etc., for Directors at a total monthly amount not exceeding 25 million yen (including 3 million yen for Outside Directors) and the amount of remuneration, etc., for Corporate Auditors at a total monthly amount not exceeding 10 million yen.
Please note that the amount of remuneration, etc., for Directors shall not include the employee salary portion for a Director who serves concurrently as an employee.
Furthermore, if Proposal 1 and Proposal 2 are approved as proposed, then there will be ten (10) Directors (including two (2) Outside Directors) and five (5) Corporate Auditors.