These documents have been translated from the Japanese originals for reference purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code 8515)
June 3, 2019

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 CONVOCATION OF THE 42ND 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 42nd 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 by following "Exercise of Voting Rights" (page 3) and "Instructions for Voting via the Internet, etc." (page 36). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 6 p.m. on Monday, June 24, 2019 Japan time.

1. **Date and Time:** Tuesday, June 25, 2019 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 42nd Fiscal Year (April 1, 2018 - March 31, 2019) 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 42nd Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

Proposal No. 1: Reduction in Amount of Capital Stock

Proposal No. 2: Election of Seven Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee)

Proposal No. 3: Election of Three Directors Who Are Audit and Supervisory Committee Members

Proposal No. 4: 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 of the Company, "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
Please access for following link for English information:
https://www.ir-aiful.com/english/shareholder05.html

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 25, 2019 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 24, 2019 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 24, 2019 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: Reduction in Amount of Capital Stock

1. Reasons for Reduction in Amount of Capital Stock

In order to compensate for the current deficit on retained earnings carried forward and restore the financial position of the Company while seeking maneuverability and flexibility in future capital policy, the Company will reduce the amount of capital stock and post that amount to other capital surplus as per Article 447, Paragraph 1 of the Companies Act.

This proposal will only reduce the amount of capital stock without changing the total number of shares issued by the Company, and will not affect the number of shares held by shareholders or the net assets of the Company.

2. Details of Reduction in Amount of Capital Stock

(1) The amount by which capital stock will be reduced

The Company will reduce the amount of capital stock (143,454,826,525 yen) by the amount of 49,426,208,694 yen to 94,028,617,831 yen, and post the total amount by which capital stock is reduced to other capital surplus.

(2) Effective date of reduction in amount of capital stock

June 25, 2019

(3) Remarks

At the Board of Directors' meeting to be held on June 25, 2019, the Company plans to resolve to cover the deficit by posting 49,426,208,694 yen of other capital surplus to retained earnings carried forward as per Article 452 and Article 459, Paragraph 1, Item (3) of the Companies Act and Article 33 of the Articles of Incorporation of the Company on the condition that this proposal is approved as proposed and becomes effective.

Proposal No. 2: Election of Seven 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 seven 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		Current positions at the Company	Attendance at the Board of Directors' meetings
1	Reappointment	Yoshitaka Fukuda	President and Representative Director, Chief Executive Officer	Attended 32 of the 36 meetings held in the year.
2	Reappointment	Masayuki Sato	Representative Director and Senior Managing Executive Officer	Attended 35 of the 36 meetings held in the year.
3	Reappointment	Kazumitsu Oishi	Director and Senior Managing Executive Officer	Attended 35 of the 36 meetings held in the year.
4	Reappointment	Tsuguo Nakagawa	Director and Senior Managing Executive Officer	Attended all 36 meetings held in the year.
5	Reappointment	Mitsuhide Fukuda	Director and Senior Managing Executive Officer	Attended all 36 meetings held in the year.
6	Reappointment	Hiroshi Uemura	Director and Executive Officer	Attended 35 of the 36 meetings held in the year.
7	Reappointment	Keiji Masui	Director and Executive Officer	Attended 34 of the 36 meetings held in the year.

<table>
<tr><th>No.</th><th>Name, etc.</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Reappointment

Yoshitaka Fukuda
(October 14, 1947)

Number of shares of the Company held:
3,207,899</td><td>April 1967 Founded Matsubara Sangyo
February 1976 President and Representative Director of Oasa, Inc.
May 1982 President and Representative Director, the Company, due to merger
April 2007 President and Representative Director, Chairperson of the Risk Management Committee
June 2007 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee
June 2011 Chairman and Representative Director of LIFECARD Co., Ltd. (Current)
April 2014 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, responsible for the Internal Auditing Department
June 2016 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Internal Auditing Department
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
April 2019 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office, the Internal Auditing Department and the Group Internal Auditing Department (Current)
[Significant concurrent positions]
• Chairman and Representative Director of LIFECARD Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for selecting the candidate for Director]
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.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name, etc.</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">2</td><td>Reappointment

Masayuki Sato
(September 9, 1957)

Number of shares of the Company held:
157,443</td><td>August 1982 Joined the Company
February 1996 General Manager of the Management Planning Department
April 1999 Assistant Senior General Manager of the Loan Business Division, General Manager of the Promotion Department
June 1999 Director, Assistant Senior General Manager of the Loan Business Division, General Manager of the Promotion Department
April 2005 Director, responsible for the Marketing Department
June 2008 Director and Managing Executive Officer, responsible for the Business Development Department
April 2010 Director and Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department
June 2010 Director of Chintai Anshin Guarantor Service Co., Ltd. (currently Anshin Guarantor Service Co., Ltd.) (Current)
July 2011 Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department
April 2013 President and Representative Director of BUSINEXT CORPORATION
June 2014 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department
January 2015 Authorized Director of AIRA & AIFUL Public Company Limited (Current)
April 2016 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, counsel of the Personnel Department
June 2016 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, in charge of the Personnel Department
April 2018 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division (Current)
[Significant concurrent positions]
• Director of Anshin Guarantor Service Co., Ltd.
• Authorized Director of AIRA & AIFUL Public Company Limited</td></tr>
<tr><td colspan="2">[Reasons for selecting the candidate for Director]
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.</td></tr>
</table>

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
3	Reappointment Kazumitsu Oishi (September 9, 1955) Number of shares of the Company held: 112,673	March 1979	Joined Marutaka Co., Ltd. (currently AIFUL CORPORATION)
		April 1996	General Manager of the Credit Department, the Company
		April 1998	General Manager of the Kinki Office, the Loan Business Division
		June 2001	Director
		April 2005	Director, Senior General Manager of the Loan Business Division
		June 2012	Director and Managing Executive Officer, Senior General Manager of the Loan Business Division
		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
		April 2015	President and Representative Director of AsTry Loan Services Corporation
		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
		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
		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
		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
		July 2018	Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Credit Management Division, in charge of the Compliance Department
		April 2019	Director and Senior Managing Executive Officer, in charge of the Subsidiary Management Department, the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department (Current)
	[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.		

<table>
<tr><th>No.</th><th>Name, etc.</th><th colspan="2">Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">4</td><td>Reappointment

Tsuguo Nakagawa
(January 15, 1958)

Number of shares of the Company held:
126,482</td><td>March 1976
February 1996

October 1998
October 2002
April 2005
June 2006

April 2007

June 2012

April 2014

April 2015

April 2016

June 2016

April 2017

April 2018

April 2018

April 2019</td><td>Joined Oasa, Inc. (privately owned by Yoshitaka Fukuda)
General Manager of the Public Relations Department, the Company
General Manager of the East Japan Office
General Manager of the Credit Management Department
General Manager of the Credit Department
Director, responsible for the Examination Department and the Credit Department
Director, Senior General Manager of the Credit Management Division
Director and Managing Executive Officer, Senior General Manager of the Credit Management Division
President and Representative Director of AsTry Loan Services Corporation
Director and Managing Executive Officer, Senior General Manager of the Loan Business Division
Director and Managing Executive Officer, Senior General Manager of the Loan Business Division, counsel of the Marketing Department
Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department
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
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
President and Representative Director of BUSINEXT CORPORATION
Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, in charge of the Accounting Department, the Corporate Risk Management Department, the General Affairs Department and the Personnel Department (Current)</td></tr>
<tr><td colspan="3">[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.</td></tr>
</table>

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: 62,167,494	April 2003	Joined Daiwa Securities Co., Ltd.
		April 2009	Joined OGI Capital Partners, Ltd.
		March 2011	Joined the Company
		June 2011	Executive Officer, responsible for the Subsidiary Management Department
		June 2012	Director and Executive Officer, responsible for the Subsidiary Management Department
		April 2014	Director and Executive Officer
		April 2014	President and Representative Director of BUSINEXT CORPORATION
		June 2014	Director and Managing Executive Officer
		April 2016	Director and Managing Executive Officer, responsible for the Guarantee Business Department 1 and the Guarantee Business Department 2
		April 2016	President and Representative Director of AsTry Loan Services Corporation
		June 2016	Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department 1 and the Guarantee Business Department 2
		April 2017	Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department
		April 2018	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
		October 2018	Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Guarantee Business Department, the Guarantee Business Promotion Department and the Marketing Department
		April 2019	Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, Senior General Manager of the Credit Management Division, Senior General Manager of the Guarantee Business Division, in charge of the Credit Governance 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.		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
6	Reappointment Hiroshi Uemura (May 16, 1961) Number of shares of the Company held: 9,417	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 given his wealth of operational experience and insight gained at financial institutions.		
7	Reappointment Keiji Masui (March 24, 1963) Number of shares of the Company held: 59,534	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. No material conflict of interest exists between the Company and other candidates for Directors.
5. The number of shares held by the candidate is the actual number of shares that includes shares held under the AIFUL employee shareholding program.

Proposal No. 3: Election of Three Directors Who are Audit and Supervisory Committee Members

The terms of office of Directors who are Audit and Supervisory Committee Members, Mr. Satoru Toda and Mr. Haruichi Suzuki, will expire at the conclusion of this year's General Meeting of Shareholders, and Mr. Minoru Shimamura will resign. Accordingly, the election of three Directors who are Audit and Supervisory Committee Members is proposed.

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

The Directors who are Audit and Supervisory Committee Members considered this proposal and the resignation of Mr. Minoru Shimamura, and had no particular opinions to express.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

<table>
<tr><th>No.</th><th>Name, etc.</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Reappointment
Outside Director
Independent Director

Satoru Toda
(December 4, 1954)

Number of shares of the Company held:
608</td><td>April 1978 Joined Ministry of Finance
July 2007 Regional Commissioner, Fukuoka Regional Taxation Bureau, National Tax Agency
July 2008 Deputy Director-General of National Tax Tribunal, National Tax Agency
June 2009 Full-time Auditor of Tokyo Metro Co., Ltd
June 2017 Corporate Auditor of LIFECARD Co., Ltd. (Current)
June 2017 Director (Audit and Supervisory Committee Member), the Company (Current)
[Significant concurrent positions]
・Corporate Auditor of LIFECARD Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for selecting the candidate for Outside Director who is an Audit and Supervisory Committee Member]
In light of his past experience, the candidate has significant knowledge regarding finance and accounting through many years of experience at the National Tax Agency. Additionally, the Company has judged that he can utilize his experience and insight as Auditor of Tokyo Metro Co., Ltd to appropriately execute the duties of Outside Director who is an Audit and Supervisory Committee Member of the Company, and the Company requests his reelection.</td></tr>
</table>

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
2	New appointment Inside Director Yoshiaki Tanaka (September 19, 1959) Number of shares of the Company held: 10,173	April 1983	Joined The Sumitomo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank Limited)
		September 2006	Sales Manager, Division 6, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd.
		June 2007	General Manager, Sapporo Branch of The Sumitomo Trust & Banking Co., Ltd.
		May 2009	Sales Manager, Division 5, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd.
		April 2012	Sales Manager, Division 6, the Main Branch of The Sumitomo Trust & Banking Co., Ltd.
		April 2015	Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department, the Company
		June 2015	Director and Executive Officer, responsible for the Management Planning Department, General Manager of the Management Planning Department
		April 2017	Director and Executive Officer, responsible for the Management Planning Department and Business Process Management Department, General Manager of the Management Planning Department
		April 2018	Director and Executive Officer, responsible for the Management Planning Department and Business Process Management Department
		April 2019	Director and Executive Officer, Senior General Manager attached to the Management Planning Department (Current)
	[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 candidate has abundant operational experience and insight gained at financial institutions. The Company has judged that he can utilize his broad work experience and knowledge in auditing the Company in the future, and nominates him as a candidate for Director who is an Audit and Supervisory Committee Member.		

<table>
<tr><th>No.</th><th>Name, etc.</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Reappointment
Outside Director
Independent Director

Haruichi Suzuki
(January 15, 1968)

Number of shares of the Company held:
0</td><td>April 1997 Joined Uematsu Shigekazu Law Office (currently UEMATSU/SUZUKI Law Office)
September 1999 Lecturer, Graduate School of Law, Ritsumeikan University
January 2008 Director and Attorney-at-law of UEMATSU/SUZUKI Law Office (Current)
June 2010 Outside Corporate Auditor of KYOTO TOOL CO., LTD.
June 2015 Director (Audit and Supervisory Committee Member), the Company (Current)
June 2017 Outside Director (Audit and Supervisory Committee Member) of KYOTO TOOL CO., LTD. (Current)
[Significant concurrent positions]
・Director and Attorney-at-law of UEMATSU/SUZUKI Law Office
・Outside Director (Audit and Supervisory Committee Member) of KYOTO TOOL CO., LTD.</td></tr>
<tr><td colspan="2">[Reasons for selecting the candidate for Outside Director who is an Audit and Supervisory Committee Member]
In light of his past experience, the Company renominates Mr. Suzuki as a candidate for Outside Director who is an Audit and Supervisory Committee Member. As the Company expects that he can provide advice from a fair and neutral standpoint by utilizing his broad insight and wealth of experience as an attorney, it has been judged that he can appropriately execute the duties of Outside Director who is an Audit and Supervisory Committee Member of the Company, and the Company requests his reelection.</td></tr>
</table>

(Notes)
1. No material conflict of interest exists between each candidate and the Company.
2. Mr. Satoru Toda and Mr. Haruichi Suzuki are the candidates for Outside Directors who are Audit and Supervisory Committee Members. The Company has designated Mr. Satoru Toda and Mr. Haruichi Suzuki as independent directors under the provisions of the Tokyo Stock Exchange, and has registered them at the aforementioned Exchange.
3. The Company has concluded an agreement on limitation of liability based on Article 28, Paragraph 2 of the Articles of Incorporation with Mr. Haruichi Suzuki. The agreement prescribes that if an Outside Director is liable for damages arising in the Company due to negligence of duties, as per Article 423, Paragraph 1 of the Companies Act, the liability of the 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. If the election of the candidate is approved at this year's General Meeting of Shareholders, the Company plans to continue the agreement on limitation of liability.
4. The term of office as an Outside Director who is an Audit and Supervisory Committee Member of the candidate Mr. Satoru Toda will be two years at the conclusion of this year's General Meeting of Shareholders.
5. The term of office as an Outside Director who is an Audit and Supervisory Committee Member of the candidate Mr. Haruichi Suzuki will be four years at the conclusion of this year's General Meeting of Shareholders.
6. The candidate Mr. Yoshiaki Tanaka will resign from the position of Director (excluding Director who is an Audit and Supervisory Committee Member) of the Company at the conclusion of this year's General Meeting of Shareholders.
7. 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. 4: 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, responsibilities and significant concurrent positions
Satoru Imada (July 26, 1942) Number of shares of the Company held: 0	April 1966 Joined DOHOSHA printing CO., LTD. April 1970 Managing Director of DOHOSHA printing CO., LTD. July 1972 Established Kyoto Editor Co., Ltd. and assumed the office of President and Representative Director April 1973 Representative Director of DOHOSHA printing CO., LTD. August 2003 Director of Dohosha Media Plan, Ltd. May 2010 CEO of Editorship Co., Ltd. February 2011 CEO of Dohosha Media Plan, Ltd. May 2014 Managing Director and Executive Officer of Bukkyo Kentei Association December 2015 Representative Director of DMP – HealthBank July 2016 Managing Director of Bukkyo Kentei Association (Current) July 2016 Representative Partner of LLC DOHOP (Current) [Significant concurrent positions] ・Representative Partner of LLC DOHOP
[Reasons for selecting the candidate for Outside Director who is a Substitute for the Audit and Supervisory Committee Member] In light of his past experience, we believe the candidate will be able to apply his deep experience and insight from his many years of experience in management of companies, and will duly perform his duties as Director who is an Audit and Supervisory Committee Member if he is appointed the position. Accordingly, the Company requests his election.	

(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. If the candidate assumes office as Director who is an Audit and Supervisory Committee Member, the Company plans to designate him as independent director under the provisions of the Tokyo Stock Exchange, and register him at the aforementioned Exchange.
3. 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 Company due to negligence of duties, as per Article 423, Paragraph 1 of the Companies Act, that the liability of an Outside Director shall be limited to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, if said Outside Director acted in good faith and without gross negligence in performing his duties.

(Reference)

Standards of Independence for AIFUL Outside Officers

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

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

2. Even if a person falls under any of the categories in the above item 1., if it is a person whom the Company believes is suitable as an Independent Director of the Company in light of his or her character, insight, etc., then the Company may make him or her an Independent Director of the Company, provided that he or she meets the criteria for Outside Directors set forth in the Companies Act, and that the Company provides an explanation to external parties of the reasons it is believed that he or she is suitable as an Independent Director of the Company.

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

(Appendix)

Business Report

(April 1, 2018 - March 31, 2019)

I. Overview of the Company Group

1. Business Progress and Results

In the consolidated fiscal year under review, Japanese economy continued to experience a mild recovery as a result of improvement in the employment and income environment on the back of accommodative monetary policy. On the other hand, however, the outlook for the economy remained uncertain due to elevated economic uncertainty overseas attributable mainly to the trade friction between the U.S. and China.

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, while dealing with interest repayment claims as the principal management issue, the AIFUL Group will continue working to expand operating assets on a group-wide basis and diversify the financial services business, to manage its business with an emphasis on balancing safety, profitability and growth.

The results by business segments are as follows:

(AIFUL Corporation)

Loan business

In the loan segment, AIFUL made efforts to increase the number of new contracts concluded and the operating loan balance by developing effective advertising, mainly through a new series of TV commercials and websites, and improving its customer services, including the launch of card-free transactions.

As a result, in the consolidated fiscal year under review, new contracts signed for unsecured loans were 199,000 (up 0.9% year on year) and the contract rate was 45.3% (down 0.3pt year on year).

Also, the amount of unsecured loans outstanding in the consolidated fiscal year under review was 379,317 million yen (up 11.0% year on year). The amount of secured loans outstanding was 9,306 million yen (down 25.0% year on year), the amount of small business loans outstanding was 7,915 million yen (up 35.3% year on year) and total amount of 396,540 million yen (up 10.1% year on year) in operating loans outstanding for the loan segment. (26,505 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 98 financial institutions for unsecured personal loan guarantee, and the guarantee for loans outstanding amounted to 79,349 million yen, up 18.1% year on year. Also, the Company commenced affiliations with 98 financial institutions for unsecured business loan guarantee, and the guarantee for loan outstanding was totaling 33,715 million yen, up 0.8% year on year.

Of the credit guarantee for the unsecured business loans, 21,750 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 70,991 million yen (up 9.8% year on year), operating profit of 468 million yen (up 27.9% year on year), ordinary profit of 1,519 million yen (up 55.1% year on year), and profit of 5,208 million yen (up 113.7% year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD worked to expand the number of new applications through aggressive affiliate advertising and issuing new tie-up cards as well as an affiliated credit card that eliminates the waiting time at hospital cashiers. Also, it endeavored to expand 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 756,300 million yen, up 3.1% year on year, and the balance of installment receivables at the end of the consolidated fiscal year under review stood at 104,241 million yen, up 4.3% year on year. (3,060 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 31,807 million yen, up 0.7% year on year. (1,377 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 21,444 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 1,619 million yen, up 16.3% year on year.

As a result, LIFECARD Co., Ltd operating revenue amounted to 32,838 million yen (down 23.6% year on year), operating profit was 3,000 million yen (down 27.2% year on year), ordinary profit was 3,132 million yen (down 26.5% year on year) and profit was 2,822 million yen (up 2.8% year on year).

(AIRA & AIFUL Public Company Limited)

AIRA & AIFUL Public Company Limited, which engages in the consumer credit business in the Kingdom of Thailand 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 364 thousand (up 21.4% year on year) and the operating loan balance was 22,482 million (up 40.3% year on year).

As a result, for the consolidated fiscal year under review, AIRA & AIFUL Public Company Limited recorded operating revenue of 5,901 million yen (up 98.2% year on year), the operating loss was 1,213 million yen (compared with operating loss of 2,016 million yen in the previous period), the ordinary loss was 1,210 million yen (compared with ordinary loss of 2,013 million yen in the previous period) and the net loss was 1,210 million yen decreasing 803 million yen (compared with net loss of 2,013 million yen in the previous period).

(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 5,816 million yen (up 17.2% year on year), operating profit was 1,060 million yen (compared with operating loss of 464 million yen in the previous period), ordinary profit was 1,748 million yen (compared with ordinary loss of 426 million yen in the previous period) and net profit was 2,073 million yen (compared with net loss of 608 million yen in the previous period).

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year ended March 31, 2019, decreased 0.1% compared with the previous fiscal year to 115,328 million yen. The principal components and their movements were interest on loans, which increased 16.3% year on year to 65,456

million yen, revenue from the credit card business, which increased 2.7% to 16,466 million yen, revenue in the credit guarantee business, which increased 7.4% to 13,953 million yen, the collection from purchased receivables, which decreased 17.6% to 1,709 million yen, and the recoveries of written off claims, which decreased 1.4% to 6,320 million yen.

Operating expenses decreased 599 million yen to 112,297 million yen (down 0.5% year on year). The main factors for the decrease were 11,244 million yen cost of sales of software development posted in the previous fiscal year and also, although provision for loss on interest repayment decreased 882 million yen to 11,501 million yen (down 7.1% year on year), provision of allowance for doubtful accounts increased 9,320 million yen to 29,340 million yen (up 46.6% year on year) due to increased operating assets, and system related etc. commission fee increased 1,682 million yen to 14,644 million yen (up 13.0% year on year).

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 3,031 million yen (up 21.6% year on year), ordinary profit of 4,110 million yen (up 45.6% year on year). Profit attributable to owners of parent was 9,346 million yen (up 136.1% year on year), reflecting a loss on valuation of investment securities through impairment of 690 million yen, an adjustment of corporate tax of -5,621 million yen due to posting deferred tax assets and a loss attributable to non-controlling interests of 1,162 million yen.

Anshin Guarantor Service Co., Ltd., which is an affiliated company providing rent liabilities guarantee, is included in the scope of equity method affiliate from the fiscal year under review due to an increase in its importance.

2. Capital Investments

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 1,607 million yen. Main items were facilities-related investment for the opening of new outlets of 32 million yen, investment related to EDA Center facilities of 48 million yen, system-related investment related to local systems for debt collection of 121 million yen, investment related to credit cards of 690 million yen and investment associated with updating of core banking of 104 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 86,562 million yen (up 3.9% year on year), the balance of long-term debt was 304,531 million yen (up 11.1% year on year), the balance of corporate bonds was 27,615 million yen (up 224.9% year on year), and the balance of fund procurement, etc., rose 14.5% to 418,708 million yen.

4. Issues to be Addressed

In the industry to which the AIFUL Group belongs, the number of new contracts remained stable mainly due to recovery in business confidence and aggressive advertising by major players, and also the operating loan balance increased moderately. Meanwhile, the interest repayment claims, industry's biggest risk, 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 39th fiscal year ended March 31, 2016	The 40th fiscal year ended March 31, 2017	The 41st fiscal year ended March 31, 2018	The 42nd fiscal year ended March 31, 2019 (Consolidated fiscal year under review)
Loans to customers (millions of yen)	376,224	412,649	472,018	521,823
Number of customer accounts (accounts)	861,471	916,917	1,299,171	1,437,771
Operating revenue (millions of yen)	87,708	91,450	115,389	115,328
Ordinary profit (millions of yen)	6,860	7,399	2,823	4,110
Profit attributable to owners of parent (millions of yen)	7,044	7,276	3,958	9,346
Net income per share (yen)	14.59	15.05	8.18	19.32
Diluted net income per share (yen)	14.57	15.04	—	—
Total assets (millions of yen)	567,514	616,651	682,645	760,587
Net assets (millions of yen)	104,250	111,649	119,407	128,016

(Note) Off-balance sheet operating loans from the securitization of claims (60,677 million yen in the 39th fiscal year, 60,020 million yen in the 40th fiscal year, 59,311 million yen in the 41st fiscal year, and 64,037 million yen in the 42nd fiscal year) have been included in the amount of loans to customers.

6. Significant Subsidiaries (as of March 31, 2019)

(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% (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. The percentage of voting rights contained in parenthesis is the percentage of shares held indirectly.
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 entities accounted for using equity method

Company name	Capital	The Company's percentage of voting rights	Principal business
Anshin Guarantor Service Co., Ltd.	680 million yen	37.75% (2.10%)	Rent liabilities guarantee business

(Note) 1. The percentage of voting rights contained in parenthesis is the percentage of shares held indirectly.
2. Anshin Guarantor Service Co., Ltd., which is an affiliated company, is included in the scope of equity method affiliate from the fiscal year under review due to an increase in its importance.

(3) Status of specified wholly-owned subsidiaries

No relevant matters

7. Principal Business (as of March 31, 2019)

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
	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
	Rent liabilities guarantee business	Institutional guarantee for rent liabilities in rental agreements

8. Principal Business Locations (as of March 31, 2019)

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, 2019)

(1) State of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
2,273 [904]	Decrease of 230 [decrease of 90]

(Notes) 1. Number of employees is the number of full-time employees.
2. The number of employees does not include 904 temporary employees shown in brackets.

(2) State of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
1,044	Decrease of 13	41.51 years old	14 years and 0 months

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

10. Major creditors (as of March 31, 2019)

(1) Major creditors of the Corporate Group

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	60,510
Aoyama Capital Co., Ltd	57,070
Aozora Bank, Ltd.	29,874
Kinki Sangyo Credit Union	14,975
The Tokyo Star Bank, Limited	8,461

(Notes) 1. Loan from Sumitomo Mitsui Trust Bank Limited includes 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 (7,251 million yen) from 2 financial institutions
Syndicated loan (16,500 million yen) from 10 financial institutions
3. In addition to the above, funding of 146,270 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	47,100
Aozora Bank, Ltd.	26,874
Kinki Sangyo Credit Union	14,975
The Tokyo Star Bank, Limited	8,461
The Ehime Bank, Ltd.	6,545

(Notes) 1. Loan from Sumitomo Mitsui Trust Bank Limited includes 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 (7,251 million yen) from 2 financial institutions
3. In addition to the above, funding of 146,270 million yen was procured through securitization of claims.

II. Status of the Company

1. Status of Shares (as of March 31, 2019)

(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 917,182 shares of treasury stock)

(3) Number of shareholders 28,545 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	14,648	3.02
Japan Trustee Services Bank, Ltd. (trust account)	14,423	2.98
The Master Trust Bank of Japan, Ltd. (trust account)	11,603	2.39
GOLDMAN SACHS INTERNATIONAL	8,975	1.85
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	8,806	1.82
HSBC BANK PLC A/C IB MAIN ACCOUNT	6,905	1.42
Japan Trustee Services Bank, Ltd. (trust account 5)	5,927	1.22

(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, 2019)
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, 2019)

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 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, in charge of the Compliance Department
Director	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
Director	Mitsuhide Fukuda	Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Guarantee Business Department, the Guarantee Business Promotion Department and the Marketing Department
Director	Yoshiaki Tanaka	Executive Officer, responsible for the Management Planning Department and Business Process Management 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
Yoshitaka Fukuda	Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office, the Internal Auditing Department and the Group Internal Auditing Department	April 1, 2019
Kazumitsu Oishi	Senior Managing Executive Officer, in charge of the Subsidiary Management Department, the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department	April 1, 2019
Tsuguo Nakagawa	Senior Managing Executive Officer, Chairperson of the Compliance Committee, in charge of the Accounting Department, the Corporate Risk Management Department, the General Affairs Department and the Personnel Department	April 1, 2019
Mitsuhide Fukuda	Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, Senior General Manager of the Credit Management Division, Senior General Manager of the Guarantee Business Division, in charge of the Credit Governance Department	April 1, 2019
Yoshiaki Tanaka	Executive Officer, Senior General Manager attached to the Management Planning Division	April 1, 2019

(2) Summary of the Agreement on Limitation of Liabilities

The Company has concluded an agreement on limitation of liability with Mr. Haruichi Suzuki, an Outside Director who is an Audit and Supervisory Committee Member, based on Article 28, Paragraph 2 of the Articles of Incorporation of the Company. The agreement prescribes that if an Outside Director is liable for damages arising in the Company due to negligence of duties, as per Article 423, Paragraph 1 of the Companies Act, the liability of the 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.

(3) 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	80
Directors who are Audit and Supervisory Committee Members (Of which, Outside Directors)	3 (2)	25 (16)
Total	9	105

(Notes)
1. 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. In addition to the above, a total of 57 million yen in remuneration has been paid to the six Directors (including those who are Audit and Supervisory Committee Members) who served concurrently as Directors or Corporate Auditors of the Company's subsidiaries in the consolidated fiscal year under review.
3. The total amount of consolidated remuneration for each Director of the Company is not included as there are no persons whose total amount of consolidated remuneration is 100 million yen or more.
4. 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.
5. 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.
6. 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.

(4) Outside Officers

Main activities during the fiscal year

Name	Main activities
Satoru Toda	He participated in 35 out of 36 meetings of the Board of Directors held during the fiscal year ended March 31, 2019; he provides opinions when deemed appropriate. Additionally, he participated in all 12 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2019; he engages in consultation, etc. on important matters related to auditing.
Haruichi Suzuki	He participated in 32 out of 36 meetings of the Board of Directors held during the fiscal year ended March 31, 2019; he provides opinions when deemed appropriate. Additionally, he participated in 10 out of 12 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2019; he engages in consultation, etc. on 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, 2019

	Payments (In millions of yen)
Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2019	66
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	92

(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, 2019 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 3 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 antisocial forces, as well as carried out prior review and post-event verification of business partners including customers.

2) Storage and management of information

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

3) Risk management system

- The Risk Management Committee was held 3 times, and managed risk information within the Group. In light of recent changes in business conditions, the Company is carrying out an overall re-examination of risks.
- It prepares a contingency plan and written procedures, etc. for emergency situations, carries out and continuously updates them by carrying out trainings for disaster-response and cyber security, and takes measures to maintain and ensure their practical effectiveness.

4) System for ensuring effective performance of duties

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

5) Group management framework

- The AIFUL Group has compiled a shared management philosophy and compliance action guidelines, along with internal regulations for the whole Group. At the same time, it carries out deliberations and exchange of information, etc., about certain important matters with the Subsidiary Management Department as the managing division for Group subsidiaries 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 important 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 year ended March 31, 2019 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 24, 2019 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.