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 1, 2020

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 43RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

The 43rd Annual General Meeting of Shareholders of AIFUL CORPORATION (the "Company" or "AIFUL") will be held for the purposes as described below.

The national government and local governors has strongly asked that citizens stay home to prevent the new coronavirus spreading. From the perspective of preventing the spread of the infection, all shareholders are asked to exercise voting rights by mail or via the Internet in advance and to consider refraining from attendance to avoid infection.

Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), follow the "Exercise of Voting Rights" (page 3) and "Instructions for Voting via the Internet, etc." (page 36), and cast your vote by 6 p.m. on Monday, June 22, 2020 Japan time.

1. **Date and Time:** Tuesday, June 23, 2020 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 43rd Fiscal Year (April 1, 2019 - March 31, 2020) 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 43rd Fiscal Year (April 1, 2019 - March 31, 2020)

Proposals to be resolved:

Proposal No. 1: Partial Amendments to the Articles of Incorporation

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

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

4. Disclosure on the Company's Website:

(1) Of the matters to be included in this Notice pursuant to laws and regulations and Article 15 of the Articles of Incorporation 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/jp/investor/stock/meeting.html
Please access for following link for English information:
https://www.ir-aiful.com/en/investor/stock/meeting.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 23, 2020 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 22, 2020 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 22, 2020 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: Partial Amendments to the Articles of Incorporation

(1) Reasons for this Proposal

In response to the expansion and diversification of business areas, the Company proposes to add business purposes to Article 2 (Purposes) of the current Articles of Incorporation and make other required changes.

(2) Details of Amendments

Details of the amendments are as follows.

(Underlined parts are amended.)

Current	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS	CHAPTER I. GENERAL PROVISIONS
Article 1 (Omitted)	Article 1 (Same as current)
(Purposes) Article 2. (Omitted) (1) to (7) (Omitted) (8) Issuance and sales of advanced payment certificates based on the Act on Regulation, etc on Advanced Payment Certificate (9) to (74) (Omitted) (75) Sales, import and export of ships, airplanes, automobiles, household appliances, video software, music and video compact discs, game software, computer-related equipment, TV and video equipment, communication equipment, educational equipment, office equipment, medical equipment, nursing care equipment, sports equipment, health appliances, cooling and heating facilities, lighting facilities, kitchen facilities, furniture, indoor ornaments, fashion accessories, daily goods, foods, beverages, liquors, perishables, processed foods, tableware, glasses and ceramics, fiber products for clothes, pharmaceuticals, quasi-drugs, cosmetics, books, publications, toys, rubber and leather products, optical devices, watches, jewels, precious metals, paintings and calligraphic works, artistic crafts, potted plants, fresh flowers and artificial flowers (Newly established) (76) All businesses incidental to the above items	(Purposes) Article 2. (Same as current) (1) to (7) (Same as current) (8) Issuance and sales of prepaid payment instruments stipulated in the Payment Services Act (9) to (74) (Same as current) (75) Sales, import and export of ships, airplanes, automobiles, household appliances, video software, music and video compact discs, game software, computer-related equipment, TV and video equipment, communication equipment, educational equipment, office equipment, medical equipment, nursing care equipment, sports equipment, health appliances, cooling and heating facilities, lighting facilities, kitchen facilities, furniture, indoor ornaments, fashion accessories, daily goods, foods, beverages, liquors, perishables, processed foods, tableware, glasses and ceramics, fiber products for clothes, pharmaceuticals, quasi-drugs, cosmetics, books, publications, toys, rubber and leather products, optical devices, watches, jewels, precious metals, paintings and calligraphic works, artistic crafts, potted plants, fresh flowers, artificial flowers and other various products (76) Brokerage and intermediation of various contracts (77) All businesses incidental to the above items
Article 3. to 5. (Omitted)	Article 3. to 5. (Same as current)

Current	Proposed Amendments
CHAPTER II. SHARES	CHAPTER II. SHARES
Article 6. to 11. (Omitted)	Article 6. to 11. (Same as current)
CHAPTER III. GENERAL MEETING OF SHAREHOLDERS	CHAPTER III. GENERAL MEETING OF SHAREHOLDERS
Article 12. to 17. (Omitted)	Article 12. to 17. (Same as current)
CHAPTER IV. DIRECTORS AND THE BOARD OF DIRECTORS	CHAPTER IV. DIRECTORS AND THE BOARD OF DIRECTORS
Article 18. to 28. (Omitted)	Article 18. to 28. (Same as current)
CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE	CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE
Article 29. to 30. (Omitted)	Article 29. to 30. (Same as current)
CHAPTER VI. ACCOUNTING AUDITORS	CHAPTER VI. ACCOUNTING AUDITORS
Article 31. (Omitted)	Article 31. (Same as current)
CHAPTER VII. ACCOUNTS	CHAPTER VII. ACCOUNTS
Article 32. to 35. (Omitted)	Article 32. to 35. (Same as current)

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

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

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

The candidates for Directors are as follows:

No.	Name		Current positions at the Company	Attendance at the Board of Directors' meetings
1	Reappointment	Yoshitaka Fukuda	President and Representative Director, Chief Executive Officer	Attended 34 of the 35 meetings held in the year.
2	Reappointment	Masayuki Sato	Representative Director and Senior Managing Executive Officer	Attended 34 of the 35 meetings held in the year.
3	Reappointment	Mitsuhide Fukuda	Representative Director and Senior Managing Executive Officer	Attended all 35 meetings held in the year.
4	Reappointment	Kazumitsu Oishi	Director and Senior Managing Executive Officer	Attended all 35 meetings held in the year.
5	Reappointment	Tsuguo Nakagawa	Director and Senior Managing Executive Officer	Attended all 35 meetings held in the year.
6	New appointment	Akira Kamiyo	-	-
7	Reappointment	Hiroshi Uemura	Director and Executive Officer	Attended all 35 meetings held in the year.
8	Reappointment	Keiji Masui	Director and Executive Officer	Attended 34 of the 35 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
April 2020 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office and the Internal Auditing Department (Current)
[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>

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
2	Reappointment Masayuki Sato (September 9, 1957) Number of shares of the Company held: 163,369	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 October 2004 Representative Director and Senior Managing Director of Sumishin Life Card Company, Limited (Current) 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] • Representative Director and Senior Managing Director of Sumishin Life Card Company, Limited • Director of Anshin Guarantor Service Co., Ltd. • Authorized Director of AIRA & AIFUL Public Company Limited
	[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.	

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
3	Reappointment Mitsuhide Fukuda (June 16, 1980) Number of shares of the Company held: 62,172,785	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
		June 2019	Representative 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	
4	Reappointment Kazumitsu Oishi (September 9, 1955) Number of shares of the Company held: 117,710	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.		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
5	Reappointment Tsuguo Nakagawa (January 15, 1958) Number of shares of the Company held: 132,408	March 1976	Joined Oasa, Inc. (privately owned by Yoshitaka Fukuda)
		February 1996	General Manager of the Public Relations Department, the Company
		October 1998	General Manager of the East Japan Office
		October 2002	General Manager of the Credit Management Department
		April 2005	General Manager of the Credit Department
		June 2006	Director, responsible for the Examination Department and the Credit Department
		April 2007	Director, Senior General Manager of the Credit Management Division
		June 2012	Director and Managing Executive Officer, Senior General Manager of the Credit Management Division
		April 2014	President and Representative Director of AsTry Loan Services Corporation
		April 2015	Director and Managing Executive Officer, Senior General Manager of the Loan Business Division
		April 2016	Director and Managing Executive Officer, Senior General Manager of the Loan Business Division, counsel of the Marketing Department
		June 2016	Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department
		April 2017	Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, in charge of the Marketing Department, IT Planning Department and the Credit Assessment Department
		April 2018	Director and Senior Managing Executive Officer, Senior General Manager of the Accounting Division, in charge of the General Affairs Department, the Personnel Department and the Credit Assessment Department
		April 2018	President and Representative Director of BUSINEXT CORPORATION
		April 2019	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)
	[Reasons for selecting the candidate for Director] In light of his past experience, position and responsibilities, the Company renominates Mr. Nakagawa as a candidate for Director given his abundant experience and insight of the overall businesses of the Company.		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
6	New appointment Akira Kamiyo (September 7, 1960) Number of shares of the Company held: 0	April 1983	Joined The Sumitomo Trust & Banking Co., Ltd.
		January 2005	Manager, the Main Branch of The Sumitomo Trust & Banking Co., Ltd.
		April 2005	Director and General Manager, the Planning Division of Matsushita Lease Credit Co., Ltd. (secondment)
		May 2005	Director and General Manager, the Planning Division of Sumishin Matsushita Financial Services Co., Ltd. (secondment)
		May 2008	General Manager of Tokyo Corporate Business Department III of The Sumitomo Trust & Banking Co., Ltd.
		April 2011	Executive Officer, General Manager of Global Credit Supervision Department I of The Sumitomo Trust & Banking Co., Ltd.
		April 2012	Executive Officer, General Manager of Global Credit Supervision Department I of Sumitomo Mitsui Trust Bank Limited
		April 2013	Managing Executive Officer of Sumitomo Mitsui Trust Bank Limited
		April 2017	Deputy President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
		April 2018	President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
		April 2020	Advisor of the Loan Business Division, the Credit Management Division, the Guarantee Business Division, the Credit Governance Department, the Corporate Risk Management Department (Current)
	[Reasons for selecting the candidate for Director] In light of his past experience, the Company nominates Mr. Kamiyo as a candidate for Director as we expect him to utilize his wealth of operational knowledge and insight gained at financial institutions for 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="3">7</td><td rowspan="2">Reappointment

Hiroshi Uemura
(May 16, 1961)

Number of shares of the Company held:
13,594</td><td>April 1985

September 2005

October 2007

April 2009
August 2010

April 2015

June 2015

April 2016

June 2016

April 2020</td><td>Joined The Nippon Credit Bank, Limited (currently Aozora Bank, Ltd.)
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.
Senior Relationship Manager of Group 11 of Corporate Business Division 1 of the Corporate Banking Division of Aozora Bank, Ltd.
Manager of the Workout Division of Aozora Bank, Ltd.
General Manager of the Workout Division of Aozora Bank, Ltd.
Executive Officer, responsible for the Finance Department, the Company
Director and Executive Officer, responsible for the Finance Department
Director and Executive Officer, counsel of the Finance Department
Director and Executive Officer, in charge of the Finance Department
Director and Executive Officer, Senior General Manager of the Finance Division (Current)</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. Uemura as a candidate for Director given his wealth of operational experience and insight gained at financial institutions.</td></tr>
<tr><td rowspan="3">8</td><td rowspan="2">Reappointment

Keiji Masui
(March 24, 1963)

Number of shares of the Company held:
64,472</td><td>August 1983
October 2002
April 2005
July 2007

January 2010
April 2014
June 2016
June 2017

April 2018</td><td>Joined the Company
Acting General Manager of the Finance Department
General Manager of the Kinki Loan Business Department
General Manager of the Loan Business Planning and Promotion Department
General Manager of the Subsidiary Management Department
Executive Officer
Director and Executive Officer (Current)
Representative Director and President of Sumishin Life Card Company, Limited (Current)
Representative Director and President of LIFE GUARANTEE CO., LTD. (Current)</td></tr>
<tr><td colspan="2">[Significant concurrent positions]
• Representative Director and President of Sumishin Life Card Company, Limited
• Representative Director and President of LIFE GUARANTEE 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. 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.</td></tr>
</table>

(Notes) 1. The candidate for Director Yoshitaka Fukuda concurrently serves as Chairman and Representative Director of LIFECARD Co., Ltd. LIFECARD Co., Ltd. and the Company have business transaction relationships.

2. The candidate for Director Masayuki Sato concurrently serves as Representative Director and Senior Managing Director of Sumishin Life Card Company, Limited. Sumishin Life Card Company, Limited and the Company have business transaction relationships.

3. The candidate for Director Masayuki Sato concurrently serves as Director of Anshin Guarantor Service Co., Ltd. Anshin Guarantor Service Co., Ltd. and the Company have business transaction relationships.
4. 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 have business transaction relationships.
5. The candidate for Director Keiji Masui concurrently serves as Representative Director and President of Sumishin Life Card Company, Limited. Sumishin Life Card Company, Limited and the Company have business transaction relationships.
6. The candidate for Director Keiji Masui concurrently serves as Representative Director and President of LIFE GUARANTEE CO., LTD. LIFE GUARANTEE CO., LTD. and the Company have business transaction relationships.
7. No material conflict of interest exists between the Company and other candidates for Directors.
8. The number of shares held by the candidate is the actual number of shares that includes shares held under the AIFUL employee shareholding program.

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

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

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

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

Name, etc.	Past experience, positions, 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 (Current) July 2016 Managing Director of Bukkyo Kentei Association (Current) July 2016 Representative Partner of LLC DOHOP (Current) [Significant concurrent positions] ・Representative Director of DMP – HealthBank ・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, 2019 - March 31, 2020)

I. Overview of the Company Group

1. Business Progress and Results

During the consolidated fiscal year ended March 31, 2020, the Japanese economy expanded gradually, driven by improvements in the employment and income environment. However, sluggish consumption activities and the resulting deceleration of the economy arising from the novel coronavirus pandemic have been of great concern, and the situation remains unpredictable.

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, the issue of interest repayment claims, which are the industry's biggest risk, still requires close monitoring, even though they have declined significantly from their peak in the current fiscal year.

Under these circumstances, while dealing with interest repayment claims as the principal management issue, the AIFUL Group has worked to increase operating assets and diversify the financial services business on a group-wide basis, and to manage its business with an emphasis on balancing safety, profitability and growth. As far as the impact of the novel coronavirus pandemic is concerned, while we did not observe major impacts such as a significant decline in the number of new contracts during the consolidated fiscal year under review, the AIFUL Group is aware that the situation remains unpredictable.

The results by business segments are as follows:

(AIFUL Corporation)

Loan business

In the loan segment, AIFUL endeavored to increase the number of new contracts and the operating loan balance by developing effective advertising, mainly through TV commercials and websites, and improving its customer service through enhanced functionality of the chat service.

In the consolidated fiscal year under review, the number of new contracts signed for unsecured loans were 206,000 (up 3.4% year on year) whereas the contract rate was 43.7% (down 1.6 points year on year).

As a result, unsecured loans outstanding at the end of the consolidated fiscal year under review were 422,382 million yen (up 11.4 % compared with a year earlier), secured loans outstanding were 6,958 million yen (down 25.2 % compared with a year earlier), small business loans outstanding were 8,338 million (up 5.3 % compared with a year earlier) and the total balance of operating loans for the loan segment was 437,679 million yen (up 10.4% compared with a year earlier) (23,965 million yen off-balance sheet operating loans from the securitization have been included).

Credit guarantee business

In the credit guarantee business, AIFUL made the most of its know-how related to credit operations for individuals and small- and medium-sized enterprises as well as its unique strengths as an independent entity to increase the credit guarantee balance by promoting the diversification of credit guarantee products and increasing the number of guarantee partners.

As a result, loans outstanding for unsecured personal loan guarantee as of the end of the consolidated fiscal year under review amounted to 97,994 million yen (up 23.5% compared with a year earlier) whereas loans outstanding for unsecured business loan guarantee totaled 30,005 million yen (down 11.0 % compared with a year earlier).

Of the credit guarantee for the unsecured business loans, 12,640 million yen comes from guarantees provided to BUSINEXT CORPORATION.

In total, AIFUL posted operating revenue of 77,504 million yen (up 9.2% year on year), operating profit of 413 million yen (down 11.8% year on year), ordinary profit of 1,728 million yen (up 13.8% year on year), and profit of 1,639 million yen (down 68.5% year on year) in the consolidated fiscal year under review.

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD endeavored to increase the number of new applications through such measures as aggressive affiliate advertising and issuing new tie-up cards with hospitals and universities. It also worked to increase corporate customers through the issuance of tie-up business cards with financial institutions and placed an emphasis on increasing convenience for card holders by raising upper credit limits and enhancing settlement services.

As a result of the above, the transaction volume for the consolidated fiscal year under review was 817,906 million yen (up 8.1% year on year), and the balance of accounts receivable–installment for credit card business as of the end of the consolidated fiscal year under review stood at 105,772 million yen (up 1.5% compared with a year earlier). (8,530 million yen off-balance sheet accounts receivable–installment outstanding from the securitization have been included.)

Card Cashing

The total amount of loans outstanding as of the end of the consolidated fiscal year under review in LIFECARD's loan business stood at 30,836 million yen (down 3.1% compared with a year earlier) (3,045 million yen off-balance sheet operating loans from the securitization have been included.)

Credit guarantee business

In the credit guarantee business, LIFECARD made the most of its know-how related to credit operations for individuals and small- and medium-sized enterprises as well as its unique strengths as an independent entity to increase the credit guarantee outstanding promoting the diversification of products and increasing the number of guarantee partners.

As a result, at the end of the consolidated fiscal year under review, the loans outstanding for unsecured personal loan guarantee amounted to 23,185 million yen (up 8.1% compared with a year earlier), while loans outstanding for unsecured business loan guarantee was 1,657 million yen (up 2.3% compared with a year earlier).

In total for the consolidated fiscal year under review, LIFECARD Co., Ltd., recorded operating revenue of 34,167 million yen (up 4.0% year on year), operating profit of 2,213 million yen (down 26.2% year on year), ordinary profit of 2,334 million yen (down 25.5% year on year), and profit of 1,136 million yen (down 59.8% year on year).

(AIRA & AIFUL Public Company Limited)

The unsecured consumer finance market in the Kingdom of Thailand continued to expand in line with the increase in consumption triggered by economic growth. Under these circumstances, AIRA & AIFUL Public Company Limited has been engaging in attracting blue-chip customers with the aim of improving its loan portfolio quality.

As a result, for the current consolidated fiscal year, AIRA & AIFUL Public Company Limited recorded operating revenue of 6,519 million yen (up 10.5 % year on year), operating loss of 1,097 million yen (compared with operating loss of 1,213 million yen in the previous period), ordinary loss of 1,064 million yen (compared with ordinary loss of 1,210 million yen in the previous period) and net loss of 1,176 million yen, decreasing 33 million yen (compared with net loss of 1,210 million yen in the previous period).

(Other)

There were five consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION, AsTry Loan Services Corporation, AG Capital Co., Ltd., LIFE GUARANTEE CO., LTD., and Sumishin Life Card Company, Limited) for which operating revenue was 10,431 million yen (up 79.3% year on year), operating loss was 300 million yen (compared with operating profit of 1,060 million yen in the previous period), ordinary loss was 366 million yen (compared with ordinary profit of 1,748 million yen in the previous period) and net loss was 505 million yen (compared with net profit of 2,073 million yen in the previous period).

(Overview of the Results)

In the consolidated fiscal year under review, the AIFUL Group's consolidated operating revenue was 127,038 million yen (up 10.2% year on year). The principal components and their movements were 72,444 million yen in interest on loans (up 10.7% year on year), 18,862 million yen revenue from the credit card business (up 14.6% year on year), and 15,203 million yen revenue in the credit guarantee business (up 9.0% year on year). Also, collection from purchased receivable was 1,662 million yen (up 2.8% year on year) and recoveries of written off claims was 6,896 million yen (up 9.1% year on year).

Operating expenses increased 13,061 million yen to 125,358 million yen (up 11.6% year on year).

Main factors included a 5,425 million yen increase in provision of loss for interest repayments to 16,927 million yen (up 47.2% year on year), and an increase of 4,455 million yen (up 15.2% year on year) to 33,796 million yen in provision of allowance for doubtful accounts due to operating assets growth.

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 1,679 million yen (down 44.6% year on year) and ordinary profit of 1,716 million yen (down 58.2% year on year). Also, profit attributable to owners of parent was 1,390 million yen (down 85.1% year on year), reflecting a loss attributable to non-controlling interests of 1,089 million yen.

Since the consolidated fiscal year under review, LIFE GUARANTEE CO., LTD., which engages mainly in the installment sales finance business, and Sumishin Life Card Company, Limited, comprehensive profit mediation business, have been included in the scope of consolidation due to increased materiality.

2. Capital Investments

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 4,347 million yen. Main items were facilities-related investment including 118 million yen for office equipment, 58 million yen for outlet renovation and other work, and 525 million yen for EDA Center facilities and system-related investment including 1,795 million yen for credit card related systems, 442 million yen for updating of core banking, and 312 million yen for updating of CTI.

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 103,119 million yen (up 19.1% year on year), the balance of long-term debt was 337,529 million yen (up 10.8% year on year), the balance of corporate bonds was 35,245 million yen (up 27.6% year on year), and the balance of fund procurement, etc., rose 13.7% to 475,894 million yen.

4. Issues to be Addressed

In the business environment surrounding the AIFUL Group, the loan business for consumers and small- and medium-sized enterprises as well as retail finance business such as credit card services have been on an upward trend in Japanese and overseas markets. Therefore, we expect stable growth in operating assets in the medium- to long-term perspectives. Meanwhile, while interest repayment claims, which are the consumer finance industry’s business risk, have declined significantly from their peak, we should continue to pay close attention to this issue for the time being.

Under these circumstances, while dealing with the principal management issue of interest repayment claims, the AIFUL Group will unite its overall efforts to increase operating assets and diversify the financial business mainly in the loan, credit card, credit guarantee and overseas businesses, with an emphasis on balancing safety, profitability and growth.

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 40th fiscal year ended March 31, 2017	The 41st fiscal year ended March 31, 2018	The 42nd fiscal year ended March 31, 2019	The 43rd fiscal year ended March 31, 2020 (Consolidated fiscal year under review)
Loans to customers (millions of yen)	412,649	472,018	521,823	573,080
Number of customer accounts (accounts)	916,917	1,299,171	1,437,771	1,486,646
Operating revenue (millions of yen)	91,450	115,389	115,328	127,038
Ordinary profit (millions of yen)	7,399	2,823	4,110	1,716
Profit attributable to owners of parent (millions of yen)	7,276	3,958	9,346	1,390
Net income per share (yen)	15.05	8.18	19.32	2.88
Diluted net income per share (yen)	15.04	—	—	—
Total assets (millions of yen)	616,651	682,645	760,587	860,507
Net assets (millions of yen)	111,649	119,407	128,016	128,931

(Note) Off-balance sheet operating loans from the securitization of claims (60,020 million yen in the 40th fiscal year, 59,311 million yen in the 41st fiscal year, 64,037 million yen in the 42nd fiscal year, and 56,119 million yen in the 43rd fiscal year) have been included in the amount of loans to customers.

6. Significant Subsidiaries (as of March 31, 2020)

(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
LIFE GUARANTEE CO., LTD.	80 million yen	100.00%	Credit sales
Sumishin Life Card Company, Limited	255 million yen	60.00% (60.00%)	Credit sales
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) The percentage of voting rights contained in parenthesis is the percentage of shares held indirectly.

(3) Status of specified wholly-owned subsidiaries

No relevant matters

7. Principal Business (as of March 31, 2020)

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, 2020)

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, 2020)

(1) State of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
2,113 [950]	Decrease of 160 [increase of 46]

(Notes) 1. Number of employees is the number of full-time employees.
2. The number of employees does not include 950 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
1,028	Decrease of 16	39.67 years old	14 years and 9 months

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

10. Major creditors (as of March 31, 2020)

(1) Major creditors of the Corporate Group

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	87,981
Aoyama Capital Co., Ltd	58,950
Aozora Bank, Ltd.	38,941
Kinki Sangyo Credit Union	14,995
THE YAMAGUCHI BANK, Ltd.	9,063

(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 (5,085 million yen) from 2 financial institutions
Syndicated loan (12,000 million yen) from 7 financial institutions
3. In addition to the above, funding of 138,959 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	77,949
Aozora Bank, Ltd.	36,941
Kinki Sangyo Credit Union	14,995
THE YAMAGUCHI BANK, Ltd.	9,063
The Tokyo Star Bank, Limited	9,040

(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 (5,085 million yen) from 2 financial institutions
3. In addition to the above, funding of 138,959 million yen was procured through securitization of claims.

II. Status of the Company

1. Status of Shares (as of March 31, 2020)

(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 917,346 shares of treasury stock)

(3) Number of shareholders 31,211 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
The Master Trust Bank of Japan, Ltd. (trust account)	12,201	2.52
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	6,637	1.37
STATE STREET BANK AND TRUST COMPANY 505325	6,326	1.30
Japan Trustee Services Bank, Ltd. (trust account)	6,272	1.29
BANK JULIUS BAER AND CO. LTD. SINGAPORE CLIENTS	6,119	1.26
Japan Trustee Services Bank, Ltd. (trust account 5)	6,112	1.26
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	6,005	1.24

(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, 2020)
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, 2020)

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, the Internal Auditing Department and the Group 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 Representative Director and Senior Managing Director of Sumishin Life Card Company, Limited Director of Anshin Guarantor Service Co., Ltd. Authorized Director of AIRA & AIFUL Public Company Limited
Representative Director	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
Director	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
Director	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
Director	Hiroshi Uemura	Executive Officer, in charge of the Finance Department
Director	Keiji Masui	Executive Officer Representative Director and President of Sumishin Life Card Company, Limited Representative Director and President of LIFE GUARANTEE CO., LTD.
Director (Audit and Supervisory Committee Member)	Satoru Toda	Corporate Auditor of LIFECARD Co., Ltd.
Director (Audit and Supervisory Committee Member)	Yoshiaki Tanaka	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 Outside Directors 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 Mr. Yoshiaki Tanaka has operating experience gained in a bank. Both have 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. Yoshiaki Tanaka 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 and the Internal Auditing Department	April 1, 2020
Hiroshi Uemura	Senior General Manager of the Finance Division	April 1, 2020

(2) Names, etc., of Directors Retired During the Fiscal Year

Position at the Company at retirement	Name	Responsibilities and significant concurrent positions at retirement	Date of retirement
Director	Yoshiaki Tanaka	Executive Officer, Senior General Manager attached to the Management Planning Division	June 25, 2019
Director (Audit and Supervisory Committee Member)	Minoru Shimamura	Corporate Auditor of LIFECARD Co., Ltd.	June 25, 2019

(Note) Mr. Minoru Shimamura, a Director who is an Audit and Supervisory Committee Member, retired by resignation.

(3) 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.

(4) Remuneration and other payments to Directors

Position	Persons compensated	Total payment (In millions of yen)
Directors (excluding Directors who are Audit and Supervisory Committee Members)	7	145
Directors who are Audit and Supervisory Committee Members (Of which, Outside Directors)	4 (2)	27 (16)
Total	11	172

(Notes) 1. The above includes Directors who retired from office during the fiscal year under review. As of the end of the consolidated fiscal year under review, the number of Directors (excluding those who are Audit and Supervisory Committee Members) is seven 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 one Director (excluding Directors who are Audit and Supervisory Committee Members) that serve without compensation.

2. In addition to the above, a total of 50 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. Of a total of 50 million yen, 6.9 million yen in remuneration was paid to one Outside Director.

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.

(5) Outside Officers

Main activities during the fiscal year

Name	Main activities
Satoru Toda	He participated in all 35 meetings of the Board of Directors held during the fiscal year ended March 31, 2020; he provides opinions when deemed appropriate. Additionally, he participated in all 9 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2020; he engages in consultation, etc. on important matters related to auditing.
Haruichi Suzuki	He participated in 27 out of 35 meetings of the Board of Directors held during the fiscal year ended March 31, 2020; he provides opinions when deemed appropriate. Additionally, he participated in all 9 meetings of the Audit and Supervisory Committee held during the fiscal year ended March 31, 2020; 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, 2020

	Payments (In millions of yen)
Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2020	70
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	103

(Notes)
1. Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. serves as Accounting Auditor for AIRA & AIFUL Public Company Limited, one of the Company's subsidiaries.
2. Hibiki Audit Corporation serves as Accounting Auditor for AsTry Loan Services Corporation, one of the Company's subsidiaries.
3. 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, 2020 is the total figure for both audits.
4. The Company pays compensation (3 million yen) to the Accounting Auditor for the preparation of comfort letters concerning bond issues, which is outside the scope of services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(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.

The Audit and Supervisory Committee received necessary reports from the Directors, relevant internal offices and the Accounting Auditor and discussed the audit plan, the performance of duties of the Accounting Auditor in the previous fiscal year, and bases for calculation and other factors of the estimate for remuneration. As a result, the Audit and Supervisory Committee have determined that the amount of remuneration, etc. is appropriate and given consent as provided by Article 399 of the Companies Act.

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 Corporate Risk Management 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 6 times, and compiled a compliance program, engaged in awareness-raising, management and validation activities, and reported on the status of operations to the Board of Directors as necessary.
  The Group Compliance Committee was held 4 times, and produced progress reports as well as shared information.
- The Internal Auditing Department performed audits of each division of the Group, reported the results to the Board of Directors' and Audit and Supervisory Committee, and made proposals on improvement measures as necessary.
- The Company formulated reporting rules in the event of discovery, etc. of violations of laws and regulations, the Articles of Incorporation and internal rules and other major issues. It also established an internal whistle-blowing system, drawn up and publicized rules that prohibit actions prejudicial to the interests of whistle-blowers, and has took measures for prevention and early detection of incidents.
- The Company formulated and made public basic policy relating to exclusion of 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 4 times, and managed risk information within the Group. In light of recent changes in business conditions, the Company is carrying out an overall re-examination of risks.
- It prepares a contingency plan and written procedures, etc. for emergency situations, carries out and continuously updates them by carrying out trainings for disaster-response and cyber security, and takes measures to maintain and ensure their practical effectiveness.

4) System for ensuring effective performance of duties

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

5) Group management framework

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

6) Audit system

- Audit and Supervisory Committee Members attend Board of Directors' meetings, Management Committee and other important meetings and receive reports on the execution of duties from Directors and executive officers, etc., and monitors the process and content of decision-making.
- Audit and Supervisory Committee Members hold regular meetings with the representative director, Internal Auditing Department, Accounting Department, Corporate Risk Management 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 return of profits in line with business results. The Group aims to maximize 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. The Group therefore regrets to announce that we will be unable to pay any dividends for the year ended March 31, 2020 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 22, 2020 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.