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(Securities Code 8515)  
May 30, 2022

**To Shareholders with Voting Rights:**

Mitsuhide Fukuda  
President and Representative Director  
AIFUL CORPORATION  
381-1, Takasago-cho, Gojo-Agaru,  
Karasuma-Dori, Shimogyo-ku, Kyoto

**NOTICE OF CONVOCATION OF  
THE 45TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 45th Annual General Meeting of Shareholders of AIFUL CORPORATION (the “Company” or “AIFUL”) will be held for the purposes as described below.

Although the Meeting will be held upon implementation of preventive measures for the new coronavirus, all shareholders are asked to consider whether you will attend the Meeting that day, considering the state of the spread of the infection and your health condition.

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 41), and cast your vote by 6 p.m. on Monday, June 20, 2022 Japan time.

- 1. Date and Time:** Tuesday, June 21, 2022 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 45th Fiscal Year (April 1, 2021 - March 31, 2022) 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 45th Fiscal Year (April 1, 2021 - March 31, 2022)
  - Proposals to be resolved:**
    - Proposal No. 1:** Partial Amendments to the Articles of Incorporation
    - Proposal No. 2:** Election of Five Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee)
    - Proposal No. 3:** Election of One Director Who Is Audit and Supervisory Committee Member
    - Proposal No. 4:** Compensation for Granting Restricted Stock to the Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee and Outside Directors)

#### **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.

<p>The Company's website: <a href="https://www.ir-aiful.com/jp/investor/stock/meeting.html">https://www.ir-aiful.com/jp/investor/stock/meeting.html</a> Please access for following link for English information: <a href="https://www.ir-aiful.com/en/investor/stock/meeting.html">https://www.ir-aiful.com/en/investor/stock/meeting.html</a></p>
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## Exercise of Voting Rights

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

- Attending the Annual General Meeting of Shareholders  
Date and time of Annual General Meeting of Shareholders: 10 a.m. on Tuesday, June 21, 2022 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 20, 2022 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 20, 2022 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.
- If voting rights are exercised both in writing and via electromagnetic means (the Internet, etc.), the exercise of voting rights via electromagnetic means (the Internet, etc.) will be treated as valid.
- If voting rights are exercised multiple times via electromagnetic means (the Internet, etc.), the final exercise of voting rights will be treated as valid.

# 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

##### (1) Change business purposes

The Company proposes to change business purposes to Article 2 of the Proposed Amendments.

##### (2) Implementation of the system for electronic provision of materials for general meetings of shareholders

The revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

- 1) Article 15 of the proposed amendments stipulates that information that is the content of Reference Documents for the General Meeting of Shareholders, etc., shall be provided electronically, and establishes stipulations to limits on the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- 2) As stipulations concerning Internet disclosure and deemed provision of reference documents for general meetings of shareholders (Article 15 of the current Articles of Incorporation (Internet disclosure and deemed provision of reference documents for shareholders)) will no longer be necessary, these shall be deleted.
- 3) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

#### 2 Contents of changes

The contents of the changes are as follows.

(Underlined parts are amended.)

Current	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS	CHAPTER I. GENERAL PROVISIONS
(Purposes) Article 2. (Omitted)	(Purposes) Article 2. (Same as current)
(1) to (9) (Omitted)	(1) to (9) (Same as current)
(10) <u>Advertisement business using Advanced payment certificates in (8)</u>	(10) <u>Advertisement business using prepaid payment instruments in (8)</u>
(11) to (77) (Omitted)	(11) to (77) (Same as current)

Current	Proposed Amendments
<p data-bbox="316 212 804 271">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p data-bbox="264 275 858 336"><u>(Internet disclosure and deemed provision of reference documents for shareholders)</u></p> <p data-bbox="264 340 858 685"><u>Article 15. In the convocation of general meetings of shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for general meetings of shareholders, Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements via Internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="443 786 673 815">(Newly established)</p> <p data-bbox="443 1234 673 1263">(Newly established)</p>	<p data-bbox="922 212 1410 271">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p data-bbox="1107 436 1219 465">(Deleted)</p> <p data-bbox="874 752 1331 781"><u>(Measures for electronic provision, etc.)</u></p> <p data-bbox="874 786 1449 943"><u>Article 15. In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of Reference Documents for the General Meeting of Shareholders, etc.</u></p> <p data-bbox="874 947 1449 1167">(2) <u>Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p> <p data-bbox="874 1200 1059 1229"><u>Supplementary</u></p> <ol data-bbox="874 1234 1449 2020" style="list-style-type: none"> <li data-bbox="874 1234 1449 1547">1. <u>The amendment of Article 15 of the current Articles of Incorporation and Article 15 (Measures for electronic provision, etc.) of the proposed amendments shall take effect from September 1, 2022 which is the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u></li> <li data-bbox="874 1552 1449 1805">2. <u>Notwithstanding the provisions of the previous paragraph, Article 15 (Internet disclosure and deemed provision of reference documents for shareholders) of the current Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</u></li> <li data-bbox="874 1809 1449 2020">3. <u>These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the General Meeting of Shareholders in the previous paragraph, whichever is later.</u></li> </ol>

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

The terms of office of all six 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 five 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 and responsibilities at the Company	Attendance rate at the Board of Directors' meetings (Attended/Held)
1	Mitsuhide Fukuda	Reappointment	President and Representative Director, Chief Executive Officer	100% (43/43)
2	Yoshitaka Fukuda	Reappointment	Chairman and Representative Director	100% (43/43)
3	Masayuki Sato	Reappointment	Representative Director and Senior Managing Executive Officer	100% (43/43)
4	Akira Kamiyo	Reappointment	Director and Senior Managing Executive Officer	100% (43/43)
5	Keiji Masui	Reappointment	Director and Senior Managing Executive Officer	100% (43/43)

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
1	<p>Reappointment</p> <p>Mitsuhide Fukuda (June 16, 1980)</p> <p>Number of shares of the Company held: 62,184,743</p>	<p>April 2003      Joined Daiwa Securities Co., Ltd.</p> <p>April 2009      Joined OGI Capital Partners, Ltd.</p> <p>March 2011     Joined the Company</p> <p>June 2011      Executive Officer, responsible for the Subsidiary Management Department</p> <p>June 2012      Director and Executive Officer, responsible for the Subsidiary Management Department</p> <p>April 2014      Director and Executive Officer</p> <p>April 2014      President and Representative Director of BUSINEXT CORPORATION (currently AIFUL BUSINESS FINANCE CORPORATION)</p> <p>June 2014      Director and Managing Executive Officer</p> <p>April 2016      Director and Managing Executive Officer, responsible for the Guarantee Business Department 1 and the Guarantee Business Department 2</p> <p>April 2016      President and Representative Director of AsTry Loan Services Corporation (currently AG Loan Services Corporation)</p> <p>June 2016      Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department 1 and the Guarantee Business Department 2</p> <p>April 2017      Director and Senior Managing Executive Officer, in charge of the Guarantee Business Department</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>June 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)</p> <p>June 2020      Chairman and Representative Director of LIFECARD Co., Ltd. (Current)</p> <p>[Significant concurrent positions] Chairman and Representative Director of LIFECARD Co., Ltd.</p>
<p>[Reasons for selecting the candidate for Director]</p> <p>Mr. Mitsuhide Fukuda possesses operation experience and insight cultivated in other sectors in addition to broad knowledge concerning the overall financial services business of the AIFUL Group. Since June 2020, as President and Representative Director, he has promoted improvement of customer services and digitalization and led the growth of the AIFUL Group. The Company renominates him as a candidate for Director concluding that he can continuously appropriately monitor the management and contribute to continuous growth and improvement of corporate value.</p>		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
2	<p data-bbox="256 568 432 600">Reappointment</p> <p data-bbox="240 636 448 694">Yoshitaka Fukuda (October 14, 1947)</p> <p data-bbox="225 730 464 810">Number of shares of the Company held: 3,216,778</p>	<p data-bbox="491 241 619 273">April 1967</p> <p data-bbox="491 273 663 304">February 1976</p> <p data-bbox="491 304 619 336">May 1982</p> <p data-bbox="491 371 619 403">April 2007</p> <p data-bbox="491 439 619 470">June 2007</p> <p data-bbox="491 506 619 537">June 2011</p> <p data-bbox="491 537 619 568">April 2014</p> <p data-bbox="491 627 619 658">June 2016</p> <p data-bbox="491 716 651 748">October 2017</p> <p data-bbox="491 851 619 882">April 2019</p> <p data-bbox="491 981 619 1012">April 2020</p> <p data-bbox="491 1111 619 1142">June 2020</p> <p data-bbox="703 241 1428 1137">           Founded Matsubara Sangyo            President and Representative Director of Oasa, Inc.            President and Representative Director, the Company, due to merger            President and Representative Director, Chairperson of the Risk Management Committee            President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee            Chairman and Representative Director of LIFECARD Co., Ltd.            President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, responsible for the Internal Auditing Department            President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Internal Auditing Department            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            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            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            Chairman and Representative Director (Current)         </p>
<p data-bbox="225 1146 783 1178">[Reasons for selecting the candidate for Director]</p> <p data-bbox="225 1178 1428 1267">Mr. Yoshitaka Fukuda possesses general judgement ability concerning group-wide management, based on his many years of experiences engaging in the management of the overall financial services business of the AIFUL Group as the founder of the Company.</p> <p data-bbox="225 1267 1326 1357">The Company renominates him as a candidate for Director concluding that he can continuously appropriately monitor the management and contribute to continuous growth and improvement of corporate value.</p>		



No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
3	<p>Reappointment</p> <p>Masayuki Sato (September 9, 1957)</p> <p>Number of shares of the Company held: 172,908</p>	<p>August 1982    Joined the Company</p> <p>February 1996    General Manager of the Management Planning Department</p> <p>April 1999    Assistant Senior General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>June 1999    Director, Assistant Senior General Manager of the Loan Business Division, General Manager of the Promotion Department</p> <p>October 2004    Representative Director and Senior Managing Director of Sumishin Life Card Company, Limited</p> <p>April 2005    Director, responsible for the Marketing Department</p> <p>June 2008    Director and Managing Executive Officer, responsible for the Business Development Department</p> <p>April 2010    Director and Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department</p> <p>June 2010    Director of Chintai Anshin Guarantor Service Co., Ltd. (currently Anshin Guarantor Service Co., Ltd.) (Current)</p> <p>July 2011    Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department</p> <p>April 2013    President and Representative Director of BUSINEXT CORPORATION (currently AIFUL BUSINESS FINANCE CORPORATION)</p> <p>June 2014    Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department</p> <p>January 2015    Authorized Director of AIRA &amp; AIFUL Public Company Limited (Current)</p> <p>April 2016    Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, counsel of the Personnel Department</p> <p>June 2016    Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, in charge of the Personnel Department</p> <p>April 2018    Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division</p> <p>April 2022    Representative Director and Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, Senior General Manager of the Credit Management Division, in charge of the Credit Governance Department, the Overseas Business Department, the Bangkok Representative Office, the Shanghai Representative Office and the Jakarta Representative Office (Current)</p> <p>[Significant concurrent positions] Director of Anshin Guarantor Service Co., Ltd. Authorized Director of AIRA &amp; AIFUL Public Company Limited</p>
<p>[Reasons for selecting the candidate for Director]</p> <p>Mr. Masayuki Sato has been involved in the Company's management for many years and possesses abundant experience regarding the overall business of the Company, successively holding positions of Senior General Manager of the Management Planning Division and Director of the group companies in Japan and overseas. The Company renominates him as a candidate for Director concluding that he can continuously appropriately monitor the management and contribute to continuous growth and improvement of corporate value.</p>		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
4	<p>Reappointment</p> <p>Akira Kamiyo (September 7, 1960)</p> <p>Number of shares of the Company held: 19,972</p>	<p>April 1983 January 2005</p> <p>April 2005</p> <p>May 2005</p> <p>May 2008</p> <p>April 2011</p> <p>April 2012</p> <p>April 2013</p> <p>April 2017</p> <p>April 2018</p> <p>April 2020</p> <p>June 2020</p> <p>April 2022</p> <p>Joined The Sumitomo Trust &amp; Banking Co., Ltd. Manager, the Main Branch of The Sumitomo Trust &amp; Banking Co., Ltd. Director and General Manager, the Planning Division of Matsushita Lease Credit Co., Ltd. (secondment) Director and General Manager, the Planning Division of Sumishin Matsushita Financial Services Co., Ltd. (secondment) General Manager of Tokyo Corporate Business Department III of The Sumitomo Trust &amp; Banking Co., Ltd. Executive Officer, General Manager of Global Credit Supervision Department I of The Sumitomo Trust &amp; Banking Co., Ltd. Executive Officer, General Manager of Global Credit Supervision Department I of Sumitomo Mitsui Trust Bank Limited Managing Executive Officer of Sumitomo Mitsui Trust Bank Limited Deputy President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. Advisor of the Loan Business Division, the Credit Management Division, the Guarantee Business Division, the Credit Governance Department, the Corporate Risk Management Department, the Company Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, 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 and the Corporate Risk Management Department Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Management Planning Division, in charge of the Operation Management Department, the Personnel Department, the Legal Department and the Corporate Risk Management Department (Current)</p>
<p>[Reasons for selecting the candidate for Director] Mr. Akira Kamiyo successively held responsible positions in broad areas of financial institutions and experienced involvement in management as a Director. Since he took office as a Director of the Company in June 2020, he has presided over loan businesses as Senior General Manager of the Loan Business Division and the Credit Management Division. The Company renominates him as a candidate for Director concluding that he can continuously appropriately monitor the management and contribute to continuous growth and improvement of corporate value.</p>		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
5	<p>Reappointment</p> <p>Keiji Masui (March 24, 1963)</p> <p>Number of shares of the Company held: 72,417</p>	<p>August 1983      Joined the Company</p> <p>October 2002    Acting General Manager of the Finance Department</p> <p>April 2005      General Manager of the Kinki Loan Business Department</p> <p>July 2007      General Manager of the Loan Business Planning and Promotion Department</p> <p>January 2010    General Manager of the Subsidiary Management Department</p> <p>April 2014      Executive Officer</p> <p>June 2016      Director and Executive Officer</p> <p>June 2017      Representative Director and President of Sumishin Life Card Company, Limited</p> <p>April 2018      Representative Director and President of LIFE GUARANTEE CO., LTD. (currently AIFUL GUARANTEE CO., LTD.)</p> <p>June 2020      Chairman and Representative Director of AG MIRAIBARAI CO., LTD.</p> <p>April 2021      Director and Executive Officer, in charge of the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department</p> <p>April 2022      Director and Senior Managing Executive Officer, Senior General Manager of the Guarantee Business Division, in charge of the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department (Current)</p>
<p>[Reasons for selecting the candidate for Director]</p> <p>Mr. Keiji Masui possesses abundant experience regarding the overall business of the Company as a person in charge of the Loan Business and Finance Divisions, and successively held positions of Director of the group companies. The Company renominates him as a candidate for Director concluding that he can continuously appropriately monitor the management and contribute to continuous growth and improvement of corporate value.</p>		

- (Notes)
1. The candidate for Director Mitsuhide 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 Director of Anshin Guarantor Service Co., Ltd. Anshin Guarantor Service Co., Ltd. and the Company have business transaction relationships.
  3. The candidate for Director Masayuki Sato concurrently serves as Authorized Director of AIRA & AIFUL Public Company Limited. AIRA & AIFUL Public Company Limited and the Company have business transaction relationships.
  4. No material conflict of interest exists between the Company and other candidates for Directors.
  5. The number of shares held by the candidate is the actual number of shares that includes shares held under the AIFUL employee shareholding program.
  6. The Company has concluded a directors and officers liability insurance contract that insures all Directors. The insurance covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If the candidates are appointed as Director, each of them will be insured under the insurance contract, which is to be renewed in July 2022.

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

In order to enforce the Audit system, the election of one Director who is Audit and Supervisory Committee Member is proposed.

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

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

Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
<p style="text-align: center;">New Outside Director Independent Director</p> <p style="text-align: center;">Shinichiro Maeda (May 19, 1969)</p> <p style="text-align: center;">Number of shares of the Company held: 0</p>	April 1992	Joined Nomura Research Institute, Ltd.
	April 1998	Researcher, Analyst of Financial Research Center of Nomura Securities Co., Ltd.
	June 2000	Analyst of Nomura Securities International, Inc. (Nomura Americas)
	January 2004	Head Researcher, Senior Analyst of Financial & Economic Research Center of Nomura Securities Co., Ltd.
	April 2005	Assistant Professor of Department of International Business Management, Faculty of Business Management, Meijo University
	April 2007	Associated Professor of Department of International Business Management, Faculty of Business Management, Meijo University
	April 2015	Professor of Department of International Business Management, Faculty of Business Management, Meijo University
	October 2017	Associated Professor of Faculty of Economics, Kyushu University (Current)
[Significant concurrent positions]		Associated Professor of Faculty of Economics, Kyushu University
<p>[Reasons for selecting the candidate for Outside Director who is the Audit and Supervisory Committee Member and the expected roles]</p> <p>Mr. Shinichiro Maeda, as faculty of universities, possesses abundant academic experiences and achievements in financial business studies in Japan and USA, and broad insight from an expert and global view in financial areas. Although he has not been directly involved in corporate management, the Company concluded that he is able to provide advice and instructions to the management of the Company from his objective and neutral standing point and nominated him as a candidate for Outside Director who is Audit and Supervisory Committee Member.</p>		

- (Notes)
1. No material conflict of interest exists between the Company and the candidate.
  2. Mr. Shinichiro Maeda is a candidate for Outside Director who is an Audit and Supervisory Committee Member, and will be an independent director under the provisions of the Tokyo Stock Exchange.
  3. When the candidate assumes office as a Director who is 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.
  4. The Company has concluded a directors and officers liability insurance contract that insures all Directors who are Audit and Supervisory Committee Members. The insurance covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If the candidate is appointed as Director who is an Audit and Supervisory Committee Member, he will be insured under the insurance contract, which is to be renewed in July 2022.










(Reference)

**Skills / Experiences of Directors (Including Directors Who Are Members of the Audit and Supervisory Committee) after this Annual General Meeting of Shareholders**

In order to continuously improve supervising functions that the Board of Directors of the Company should carry out, the matrix of diverse skills Directors' possess is created and disclosed as follows:

Name	Positions, responsibilities	Skills / Experience											
		Corporate Management	Legal Compliance Risk Management	Finance Accounting	Global	Personnel Labor Human Resource Development	Financial services business			Credit Marketing	IT Digital DX	M&A	Diversity
							Loan business	Credit Card business	Credit guarantee business				
Mitsuhide Fukuda	President and Representative Director, Chief Executive Officer	○	△	○		△	○	○	○	○	○		
Yoshitaka Fukuda	Chairman and Representative Director	○	○	○		○	○	○	○	○		○	
Masayuki Sato	Representative Director and Senior Managing Executive Officer	○		○	○	○	○	○		○	○	○	
Akira Kamiyo	Representative Director and Senior Managing Executive Officer	○	△	○			○		△	○			
Keiji Masui	Representative Director and Senior Managing Executive Officer	○		○			○	○		○			
Hitoshi Shimura	Director who is an Audit and Supervisory Committee Member (Outside)	○	○	○	○								○
Yoshihide Fukuda	Director who is an Audit and Supervisory Committee Member		○	△									
Haruichi Suzuki	Director who is an Audit and Supervisory Committee Member (Outside)		○										○
Shinichiro Maeda	Director who is an Audit and Supervisory Committee Member (Outside)			○	○		○	○					○

- (Notes)
1. The column "Corporate Management" explains that a Director possesses experience of Executive Director for one year or more in the Company or other companies.
  2. The columns other than "Corporate Management" indicate ○ in cases where a Director possesses experience for three years or more of Senior General Manager in the applied business area and △ in cases where a Director possesses experience for one year or more but less than three years at the Company or other companies.

Skill item		Explanation
	Corporate Management	A person who has been appointed Executive Director at the Company (including subsidiaries) and other companies, and is recognized as having insight / experience in Corporate Management.
	Legal Compliance Risk Management	A person who has expertise in law and risk management, or a person who is qualified as an attorney and is recognized as having insight / experience in law and compliance.
	Finance Accounting	A person who has expertise in finance and accounting, or a person who is qualified as a certified public tax accountant or experience as an analyst and is recognized as having insight / experience in finance and accounting.
	Global	A person who has experience developing overseas businesses, has experience as an officer of an overseas subsidiary, or has experienced overseas assignment, and is recognized as having management insight / experience in a global environment.
	Personnel Labor Career Development	A person who has expertise in personnel and labor and is recognized as having insight / experience on the appropriate allocation of employees, who are management resources, human resources development, diversity, working style, etc.
	Financial services business	A person who has abundant management experience in any of the loan business (consumer / small business), credit card business, or credit guarantee business, and is recognized as having insight / experience that will contribute to the formulation of management strategies and the improvement of operating revenue.
	Credit Marketing	A person who has specialized knowledge and experience in “Credit operation,” the essence of finance, and is recognized as having insight / experience that will contribute to the maximization of profit by marketing based on data analysis.
	IT Digital DX	A person who has specialized knowledge in the IT digital field, DX, and information systems, and is recognized as having insight / experience that will contribute to the maximization of profit by reforming new service provisions and business structures.
	M&A	A person who has M&A expertise, practical experience, and management experience, and is recognized as having insight / experience that will contribute to the diversification of the business portfolio.
	Diversity	A person who is recognized as having insight / experience that contributes to the innovation of the AIFUL Group through various backgrounds that are not bound by common sense and experience in the Company such as academic knowledge (as an attorney or a doctoral degree, etc.), important posts of government offices, gender, internationality, etc.

#### **Proposal No. 4: Determination of Compensation for Provision of Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)**

At the 38th Annual General Meeting of Shareholders held on June 23, 2015, the amount of compensation paid to the Company Directors (excluding Directors serving as Audit and Supervisory Committee members) was approved at an annual amount not to exceed 500 million yen (salaries paid to employees of directors serving concurrently as employees are not included).

Recently, the review of the Directors' compensation plan, aiming to provide the Company Directors (excluding Directors serving on the Audit and Supervisory Committee and Outside Directors and non-residents of Japan; hereinafter, "Eligible Directors") with an incentive to continuously improve the corporate value of the Company and to promote further value sharing with shareholders, the Company will newly pay remuneration for provision of restricted stock for the Eligible Directors within the scope of the above compensation limits.

Based on this proposal, the Company shall determine that the Eligible Directors will be paid monetary claims as remuneration for grant of restricted stock, and the amount of compensation per year to not exceed 50 million yen (salaries paid to employees of directors serving concurrently as employees are not included). The specific payment period and allocation to each Eligible Director will be decided by the Board of Directors after consultation with and reporting to the Personnel Committee.

The number of the current Directors (excluding Directors who are Audit and Supervisory Committee members) is six (including zero Outside Directors). If Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee) is approved as proposed, the number of the current Directors (excluding Directors who are Audit and Supervisory Committee members) is five (including zero Outside Directors).

The Eligible Directors shall pay all monetary claims paid by the Company under the resolution of the Board of Directors as Properties Contributed in Kind and the Company's common shares shall be issued or disposed. Accordingly, the total number of shares of common stock newly issued or disposed of by the Company shall be not more than 333 thousand shares per annum (provided, however, that in the event of a share split (including gratis share allotment of the Company common stock), a share consolidation on or after the date of resolution of the General Meeting of Shareholders, or another situation where the total number of common shares to be issued or disposed as restricted stock, that total number shall be adjusted to a reasonable extent as required in accordance with the split ratio, merger ratio, etc., on or after such effective date).

The amount to be paid per share will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting (if no transactions are consummated on the same day, the closing price on the most recent trading day prior to that date is applied) to the extent that such amount is not particularly favorable for the Eligible Directors who subscribe the common stock. In addition, the issuance or disposition of the Company's common shares, and the payment of monetary claims as Properties Contributed in Kind by the proposal is contingent upon the conclusion of a Restricted Stock Allotment Agreement between the Company and the Eligible Directors (hereinafter, "Allotment Agreement"). In addition, the maximum amount of compensation in this proposal, the total number of common shares of the Company to be issued or disposed of, and other conditions of the provision of Restricted Stock to Eligible Directors based on this proposal are decided in consideration of the above objectives, the Company's business conditions, the policy regarding determination of the amount of base remuneration for each Director (If this proposal is approved and passed, the policy will be changed to the content described in the (Reference) column below so that it will be consistent with the approved content.), and other various circumstances, and we believe it appropriate.

If the proposal is approved at the General Meeting of Shareholders as proposed, the Company plans to introduce the same type of restricted stock compensation as the Plan for executive officers who do not concurrently serve as Directors of the Company (excluding non-residents of Japan), Directors of the Company subsidiaries (excluding Outside Directors and non-residents of Japan), and executive officers of the subsidiaries who do not concurrently serve as Directors of the Company subsidiaries (excluding nonresidents of Japan).

[Summary of Allotment Agreement]

##### (1) Transfer restriction period

For a period between 3 years to 30 years on and after the date of allotment by the Allotment Agreement stipulated by the Board of Directors (hereinafter, "Transfer restriction period"), concerning common stock of the Company allotted by the Allotment Agreement (hereinafter "Allotment stocks"), Eligible Directors are prohibited to transfer the shares, create a security interest, or operate any other disposition of the shares

(hereinafter “Transfer restriction”).

(2) Handling at the time of retirement or resignation

If Eligible Directors retire or resign from the positions of officers and employees of the Company or its subsidiaries within the positions specified by the Board of Directors of the Company before the expiration of the Transfer restriction period, the Company acquires Allotment stocks without consideration due to the retirements or resignations other than in cases where the term of office expires, death, or other legitimate reasons.

(3) Lifting of the Transfer restriction

Notwithstanding the provisions of (1) above, with the condition that during the Transfer restriction period, Eligible Directors must continue in positions of officers and employees of the Company or its subsidiaries within the positions specified by the Board of Directors of the Company, the Company will lift the Transfer restriction at the time of expiration for all Allotment stocks. However, if said Eligible Directors retire or resign from the positions specified in (2) above before the Transfer restriction period expires due to the expiration of the term specified in (2) above, death, or other legitimate reasons, the number of Allotment stocks to be lifted from the Transfer restriction and the timing to lift the Transfer restriction shall be reasonably adjusted as necessary. In addition, the Company will naturally acquire Allotment stocks for which the Transfer restriction has not been lifted immediately after lifting the Transfer restriction in accordance with the above provisions, without consideration.

(4) Handling organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer restriction period, a merger agreement in which the Company becomes the Company Disappearing, Share Exchange agreements in which the Company becomes a wholly owned subsidiary, a Share Transfer Plan, or other matters related to organizational restructuring, etc., are approved at the General Meeting of Shareholders of the Company (however, if said organizational restructuring, etc., does not require approval at the General Meeting of Shareholders of the Company, by the Board of Directors), according to a resolution by the Board of Directors of the Company, in regard to the number of Allotment stocks reasonably determined based on the period from the start date of the Transfer restriction period to the date said organizational restructuring, etc., is approved, the Transfer restriction will be lifted prior to the effective date of the organizational restructuring, etc. In addition, the Company will naturally acquire Allotment stocks for which the Transfer restriction has not been lifted immediately after lifting the Transfer restriction in the case specified above, without consideration.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.



(Reference)

## **Decision policy of remuneration and other payments to each Director**

### 1. Basic Policy

The Company has established a policy on the determination of the amount of officers' remuneration and its calculation method. The policy is to ensure 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 its management philosophy of *Earn the trust of society through corporate activity based in integrity*. Specifically, remuneration and other payments of Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) shall consist of base remuneration as fixed remuneration, monetary remuneration, and Non-monetary remuneration (Restricted Stock Compensation), etc., as the performance-linked remuneration. Remuneration and other payments of Outside Directors and Directors who are Audit and Supervisory Committee members shall consist of only base remuneration as fixed remuneration in consideration of their independence.

The Board of Directors and the Audit and Supervisory Committee have the authority to decide the policy for determining the amount of officers' remuneration and its calculation method. The policy is decided in view of the business environment and business performance, the remuneration structure and level are reviewed as needed, and the allocation of remuneration among the Directors is decided according to the magnitude of each post as well as the content and responsibilities of the entrusted work and the duties of each person.

In addition, at the 38th Annual General Meeting of Shareholders held on June 23, 2015, the amount of remuneration and other payments paid to Directors (excluding Directors who are Audit and Supervisory Committee members) was approved at an annual amount not to exceed 500 million (salaries paid to employees of directors serving concurrently as employees are not included). The number of Directors (excluding Directors who are Audit and Supervisory Committee members) was eight when the proposal was resolved. Furthermore, at the 45th Annual General Meeting of Shareholders held on June 21, 2022, within the scope of the above compensation limits, the total amount of monetary claims as Restricted Stocks to be paid to Directors (excluding Directors who are Audit and Supervisory Committee members, Outside Directors, and non-residents of Japan) shall be not more than 50 million yen per annum (salaries paid to employees of directors serving concurrently as employees are not included), and the total number of shares of common stock issued or disposed of by the Company shall be not more than 333 thousand shares per annum. The number of Directors (excluding Directors who are Audit and Supervisory Committee members, Outside Directors, and non-residents of Japan) was five when the proposal was resolved.

In addition, at the 38th Annual General Meeting of Shareholders held on June 23, 2015, the amount of remuneration and other payments paid to Directors who are Audit and Supervisory Committee members was approved at an annual amount not to exceed 800 million. The number of Directors who are Audit and Supervisory Committee members was three when the proposal was resolved.

### 2. Policy regarding determination of the amount of base remuneration (monetary remuneration) for each Director

Base remuneration (fixed amount) for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company is fixed remuneration on a monthly basis, and a remuneration table is determined for each remuneration rank. The base remuneration is based on the remuneration rank, which is based on a certain standard established for each position.

### 3. Policy regarding the content, amounts, and calculation methods of performance-linked remuneration and Non-monetary remuneration, etc.

The performance-linked remuneration is intended to boost the motivation to increase the share price and the financial results, as well as to expand corporate value. Indicators for the performance-linked remuneration (variable amount) are calculated by multiplying the standard amount for the remuneration rank by a factor based on the appraisal of each Director and a factor based on the corporate financial results. The remuneration is paid at a certain time every year. To reflect the results of the division that each Director is in charge of, the factor based on the appraisal of each Director and the factor based on the corporate financial results are determined based on the business environment, as well as other key indicators which include operating indicators, such as operating assets and the status of loan collection for each business that the Director is in

charge of, and management indicators, such as operating revenue, ordinary profit, and ROA. For each Director, performance against the goal of the division that the Director is in charge of is evaluated, and the amount of the performance-linked remuneration is determined, as stated above, after adequate deliberations and response by the Personnel Committee that decides the treatment of Directors (established to ensure fairness and transparency of evaluation, comprised of Directors nominated by the President and Representative Director). The Company heightens the link between the remuneration and the share price by paying a certain ratio of the above performance-linked remuneration as Non-monetary remuneration (Restricted Stock Compensation), etc.

Specifically, the Company provides Restricted Stock to the Eligible Directors by the method that monetary remuneration concerning a certain ratio of performance-linked remuneration determined by the above process shall be contributed in kind within the upper limit on remuneration determined by a resolution of the General Meeting of Shareholders. The transfer restriction period shall be the period between 3 years and 30 years, determined by the Board of Directors of the Company.

4. Policy regarding determination of the ratio of amount of monetary remuneration, amount of performance-linked remuneration and Non-monetary remuneration, etc., to total remuneration for each Director

The Personnel Committee reviews the remuneration rate for Directors of the Company based on the remuneration standards benchmarked to our competitors having the same operational scale, industry, and business formats as the Company. The President and Representative Director is entrusted according to the procedure stated above to determine remuneration for individual Directors along with the response from the Personnel Committee.

5. Policy regarding decisions concerning remuneration for each Director

The President and Representative Director, and Chief Executive Officer Mitsuhide Fukuda will be entrusted by the Board of Directors to decide the specific content of remuneration for individual Directors. The content of its authority includes evaluations of the distribution of performance-linked remuneration based on the amount of base remuneration for each Director and the performance of businesses that the Director is in charge of. The Company entrusts these authorities to the President and Representative Director, and Chief Executive Officer because it believes that the President and Representative Director, and Chief Executive Officer understands the performance of each Director's business and so is qualified to make evaluations in line with their duties.

To ensure that the President and Representative Director will exercise the authority properly, the Board of Directors consults with the Personnel Committee to receive a response to a draft of the amount of the performance-linked remuneration and also seeks opinions from the Audit and Supervisory Committee. The President and Representative Director entrusted as stated above shall decide the specific amounts of remuneration in line with the said response and opinions.

(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, 2021 - March 31, 2022)

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

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

During the consolidated fiscal year ended March 31, 2022, while the number of people infected with the new coronavirus increased and decreased and economic activities were repeatedly restricted and eased, vaccines became more widespread and inoculation progressed, and there was a movement toward normalization. However, at present, due to concerns over the rebound in the number of infected people due to mutant strains and the impact of the Ukrainian situation on economic activities, the outlook for the Japanese economy remained uncertain.

In the consumer finance industry, the number of new contracts at major companies increased year-on-year, and the recovery trend continues. In addition, although interest repayment claims have been steadily decreasing, they are susceptible to changes in the external environment and other factors, and thus continue to require close monitoring.

In the future, it will be necessary to continue to pay close attention to the rebound of COVID-19. For the AIFUL Group, while dealing with interest repayment claims as one of the management issues, we will work to expand assets by balancing profitability and growth, and optimize management resources to maximize consolidated profit.

In addition, in order to realize the management theme of “achieving growth as an IT-based financial group by reforming our organization and systems according to the changes in the business environment and utilizing digital technologies,” the Group will focus on diversification of business portfolio through business diversification and strengthening of overseas businesses, and utilization of digital technologies, such as IT technology analysis and in-house production of systems.

The results by business segment are as follows.

From the consolidated fiscal period ended March 31, 2022, the quantitative importance of AIRA & AIFUL Public Company Limited has become less important, so we have changed the method from a reported segment to “Other.” The following year-on-year comparisons are made by rearranging the figures from the previous period into the changed segment classification.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year, which have affected its financial position and results of operations. For details, please refer to “2. Changes in Accounting Standards (1) Changes due to apply of Accounting Standard for Revenue Recognition, etc.” in Notes to Consolidation Financial Statements on items disclosed on the Internet.

(AIFUL Corporation)

Loan business

In the loan segment, in addition to effective advertising strategies centered on TV commercials and web sites, we are working to improve our services from the customer’s perspective, such as improving the official web site, smartphone app, and application format, in order to improve customer convenience, and we are working to increase the number of new contracts for unsecured loans and the balance of operating loans.

As a result, in the fiscal year under review, the number of new contracts signed for unsecured loans were 210,000 (up 30.4% year on year) whereas the contract rate was 32.9% (down 7.2 points year on year).

In addition, unsecured loans outstanding at the end of the consolidated fiscal year under review were 449,747 million yen (up 5.6% compared with a year earlier), secured loans outstanding were 3,501 million yen (down 27.3% compared with a year earlier), small business loans outstanding were 8,635 million yen (up 13.0% compared with a year earlier) and the total balance of operating loans for the loan segment was 461,884 million yen (up 5.4% compared with a year earlier) (10,950 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 126,883 million yen (up 11.8% compared with a year earlier) whereas loans outstanding for unsecured business loan guarantee totaled 31,762 million yen (up 22.9% compared with a year earlier).

Of the credit guarantee for the unsecured business loans, 3,862 million yen comes from guarantees provided to AIFUL BUSINESS FINANCE CORPORATION.

In total, AIFUL posted operating revenue of 83,117 million yen (up 5.4% year on year), operating profit of 4,757 million yen (down 54.6% year on year), ordinary profit of 6,748 million yen (down 43.6% year on year), and profit of 7,912 million yen (down 17.4% year on year).

#### (LIFECARD Co., Ltd.)

##### Credit card business

In the credit card business, we strived to expand applications for membership by issuance of new affiliated cards, enrollment at stores of large partners through the WEB, recruiting new designs for cards, etc., together with working to improve the utilization rate of existing card members through increasing convenience by improving the web site for members and the official app.

As a result, the transaction volume for the consolidated fiscal year under review was 862,914 million yen (up 5.5% 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 101,813 million yen (up 1.5% compared with a year earlier). (6,536 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 23,621 million yen (down 6.6% compared with a year earlier). (1,603 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 26,814 million yen (up 6.8% compared with a year earlier), while loans outstanding for unsecured business loan guarantee was 1,136 million yen (up 5.4% compared with a year earlier).

In addition, as a result of focusing on promoting the use of shopping with cards in line with market trends such as lifestyle changes and the acceleration of cashless society during the corona pandemic, in total for the consolidated fiscal year under review, LIFECARD Co., Ltd. recorded operating revenue of 32,354 million yen (up 0.2% year on year), operating profit of 1,592 million yen (down 55.2% year on year), ordinary profit of 1,800 million yen (down 57.6% year on year), and profit of 1,755 million yen (down 44.1% year on year).

Furthermore, LIFECARD Co., Ltd., which had a 60% stake, made Sumishin Life Card Company, Limited a wholly owned subsidiary on January 4, 2022, and then on April 1, 2022, an absorption-type merger was conducted, with LIFECARD Co., Ltd. as the surviving company and Sumishin Life Card Company, Limited as the resolving company.

#### (Other)

There were eight consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (AIRA & AIFUL Public Company Limited, AIFUL BUSINESS FINANCE CORPORATION, AG Loan Services Corporation, AG Capital Co., Ltd., AIFUL GUARANTEE CO., LTD., AG MIRAI BARAI CO., LTD., AG MEDICAL CORPORATION, and Sumishin Life Card Company, Limited) for which operating revenue was 18,699 million yen (up 3.2%

year on year), operating profit was 3,718 million yen (up 82.3% year on year), ordinary profit was 14,468 million yen (up 369.5% year on year) and profit was 13,767 million yen (compared with net profit of 708 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 132,097 million yen (up 3.6% year on year). The principal components and their movements were 76,332 million yen in interest on loans (up 3.1% year on year), 18,833 million yen revenue from the credit card business (up 1.0% year on year), and 15,730 million yen revenue in the credit guarantee business (up 8.3% year on year).

Operating expenses increased 10,904 million yen to 120,855 million yen (up 9.9% year on year). This was mainly due to 19,929 million yen recorded to provision for loss on interest repayment, etc.

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 11,242 million yen (down 35.9% year on year) and ordinary profit of 12,265 million yen (down 36.5% year on year). Also, profit attributable to owners of parent was 12,334 million yen (down 33.1% year on year), reflecting a profit attributable to non-controlling interests of 703 million yen.

## **2. Capital Investments**

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 3,989 million yen. Main items were system-related investment including 1,267 million yen for updating WEB system, 697 million yen for credit card related systems, 638 million yen for building DR site, and 285 million yen for updating core banking.

## **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, including commercial papers) was 81,343 million yen (down 19.3% compared with a year earlier), the balance of long-term debt was 364,057 million yen (up 11.4% compared with a year earlier), the balance of corporate bonds was 35,000 million yen (up 16.4% compared with a year earlier), and the balance of fund procurement, etc. increased 5.0% to 480,401 million yen.

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

In the business environment surrounding our Group, it is expected that economic activity will gradually recover due to the further spread of COVID-19 vaccinations and thorough measures to prevent the spread of infection, but it is expected that the outlook will continue to be uncertain, such as restriction of economic activity due to a rebound of mutant strains and economic slowdown due to the impact of the conflict in Ukraine.

In addition, the environment surrounding the Group is rapidly changing, such as the entry of new vendors from different industries, lifestyle changes due to the spread of COVID-19 infection, and the acceleration of DX, and we are required to respond swiftly to these changes.

Under these circumstances, while dealing with interest repayment claims as one of the management issues, 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. To respond to the ever-changing environment, we will aim to transform ourselves into a company that enjoys strong support from stakeholders, maximize creditworthiness through utilizing IT and digitalization, and optimize management resources to maximize consolidated profit by establishing the AIFUL Group brand and upgrading data utilization.



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

Item	The 42nd fiscal year ended March 31, 2019	The 43rd fiscal year ended March 31, 2020	The 44th fiscal year ended March 31, 2021	The 45th fiscal year ended March 31, 2022 (Consolidated fiscal year under review)
Loans to customers (millions of yen)	521,823	573,080	553,389	582,349
Number of customer accounts (accounts)	1,437,771	1,486,646	1,425,205	1,464,214
Operating revenue (millions of yen)	115,328	127,038	127,481	132,097
Ordinary profit (millions of yen)	4,110	1,716	19,305	12,265
Profit attributable to owners of parent (millions of yen)	9,346	1,390	18,437	12,334
Net income per share (yen)	19.32	2.88	38.12	25.50
Diluted net income per share (yen)	—	—	—	—
Total assets (millions of yen)	760,587	860,507	863,354	935,642
Net assets (millions of yen)	128,016	128,931	147,692	156,526

- (Notes)
1. Off-balance sheet operating loans from the securitization of claims (64,037 million yen in the 42nd fiscal year, 56,119 million yen in the 43rd fiscal year, 37,049 million yen in the 44th fiscal year, and 34,891 million yen in the 45th fiscal year) have been included in the amount of loans to customers.
  2. For the consolidated fiscal year ended March 31, 2022, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., are applied, and the figures after applying the relevant accounting standards, etc., are shown for the status of assets and profits and losses for the consolidated fiscal year ended March 31, 2022.

## 6. Significant Subsidiaries (as of March 31, 2022)

### (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
AIFUL BUSINESS FINANCE CORPORATION	110 million yen	100.00% (100.00%)	Small business loan operations
AG Loan Services Corporation	600 million yen	100.00%	Debt collection business
AG Capital Co., Ltd.	10 million yen	100.00%	Venture capital business
AIFUL GUARANTEE CO., LTD.	110 million yen	100.00%	Credit sales
Sumishin Life Card Company, Limited	255 million yen	100.00% (100.00%)	Credit sales
AIRA & AIFUL Public Company Limited	4,000 million Thai Baht	49.75%	Consumer finance business
AG MIRAIBARAI CO., LTD.	100 million yen	100.00% (100.00%)	Deferred payment business
AG MEDICAL CORPORATION	50 million yen	100.00% (100.00%)	Small business loan operations

- (Notes) 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, 2022)**

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
	Deferred payment business	Deferred payment service for EC operators and customers
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, 2022)**

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, 2022)**

(1) State of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
2,116 [1,032]	Decrease of 19 [decrease of 24]

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

2. The number of employees does not include 1,032 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
1,010	Decrease of 2	40.06 years old	15 years and 4 months

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

## 10. Major creditors (as of March 31, 2022)

### (1) Major creditors of the Corporate Group

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	84,768
Aoyama Capital Co., Ltd	51,010
Aozora Bank, Ltd.	32,966
Kiraboshi Bank, Ltd.	19,347
Kinki Sangyo Credit Union	14,902

- (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 (1,000 million yen) from 1 financial institution
  3. In addition to the above, funding of 113,060 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	83,053
Aozora Bank, Ltd.	32,966
Kiraboshi Bank, Ltd.	19,347
Kinki Sangyo Credit Union	14,902
THE YAMAGUCHI BANK, Ltd.	14,627

- (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 (1,000 million yen) from 1 financial institution
  3. In addition to the above, funding of 113,060 million yen was procured through securitization of claims.

## II. Status of the Company

### 1. Status of Shares (as of March 31, 2022)

- (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 917,470 shares of treasury stock)
- (3) Number of shareholders      24,847 persons
- (4) Major shareholders (top ten)

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
AMG Co., Ltd.	94,814	19.60
Mitsuhide Fukuda	62,155	12.85
The Master Trust Bank of Japan, Ltd. (trust account)	43,038	8.90
Marutaka Co., Ltd.	24,543	5.07
Custody Bank of Japan, Ltd. (trust account)	19,180	3.97
JP MORGAN CHASE BANK 385632	17,984	3.72
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	14,804	3.06
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	12,307	2.54
MSIP CLIENT SECURITIES	11,346	2.35
STATE STREET BANK WEST CLIENT - TREATY 505234	4,702	0.97

(Note) The Company's treasury stock was excluded in the calculation of the shareholding ratio.

### 2. Status of Stock Acquisition Rights, etc.

- (1) Stock acquisition rights issued and outstanding held by Directors (as of March 31, 2022)  
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, 2022)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Mitsuhide Fukuda	Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office and the Internal Auditing Department Chairman and Representative Director of LIFECARD Co., Ltd.
Chairman and Representative Director	Yoshitaka Fukuda	
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
Director	Akira Kamiyo	Senior Managing Executive Officer, Chairperson of the Compliance Committee, 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 and the Corporate Risk Management Department
Director	Tsuguo Nakagawa	Senior Managing Executive Officer, in charge of the Accounting Department, the General Affairs Department and the Personnel Department
Director	Keiji Masui	Senior Managing Executive Officer, in charge of the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department Representative Director and President of Sumishin Life Card Company, Limited Representative Director and President of AIFUL GUARANTEE Co., Ltd. Chairman and Representative Director of AG MIRAIBARAI CO., LTD.
Director (Standing Audit and Supervisory Committee Member)	Hitoshi Shimura	Corporate Auditor of LIFECARD Co., Ltd.
Director (Standing Audit and Supervisory Committee Member)	Yoshihide Fukuda	Corporate Auditor of LIFECARD Co., Ltd. Corporate Auditor of Sumishin Life Card Company, Limited
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. Mr. Tsuguo Nakagawa, a Director, retired Senior Managing Executive Officer on March 31, 2022.
  2. Of the Directors who are Audit and Supervisory Committee Members, Messrs. Hitoshi Shimura 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.

3. Mr. Hitoshi Shimura, a Director who is an Audit and Supervisory Committee Member, has experience in various areas such as the Financial Services Agency for many years, and Mr. Yoshihide Fukuda has operating experience gained in the Accounting Department of the Company. Both have considerable financial and accounting knowledge.
4. No material conflict of interest exists between UEMATSU/SUZUKI Law Office and the Company.
5. No material conflict of interest exists between KYOTO TOOL CO., LTD. and the Company.
6. Mr. Hitoshi Shimura and Mr. Yoshihide Fukuda have been selected as standing Audit and Supervisory Committee Members in light of their work in developing an effective environment for auditing, etc. and collection of internal information.
7. Significant changes in Directors' duties and concurrent positions from the day after the end of the fiscal year under review are as follows.

Name	Responsibilities and significant concurrent positions	Date of change
Masayuki Sato	Senior Managing Executive Officer, Senior General Manager of the Loan Business Division, Senior General Manager of the Credit Management Division, in charge of the Credit Governance Department, the Overseas Business Department, Bangkok Representative Office, Shanghai Representative Office and Jakarta Representative Office	April 1, 2022
Akira Kamiyo	Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Management Planning Division, in charge of the Operations Management Department, the Personnel Department, Legal Department and the Corporate Risk Management Department	April 1, 2022
Keiji Masui	Senior Managing Executive Officer, Senior General Manager of the Guarantee Business Division, in charge of the Corporate Sales Promotion Department, the Eastern Japan Loan Business Department and the Western Japan Loan Business Department	April 1, 2022
Yoshihide Fukuda	Corporate Auditor of LIFECARD Co., Ltd.	April 1, 2022

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

The Company has concluded an agreement on limitation of liability with Mr. Hitoshi Shimura and Mr. Haruichi Suzuki, Outside Directors who are Audit and Supervisory Committee Members, based on Article 28, Paragraph 2 of the Articles of Incorporation of the Company. The agreement prescribes that if an Outside Director is liable for damages arising in the Company due to negligence of duties, as per Article 423, Paragraph 1 of the Companies Act, the liability of the Outside Director shall be limited to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, if said Outside Director acted in good faith and without gross negligence in performing his duties.

## (3) Summary of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract that insures Directors, Directors who are Audit and Supervisory Committee Members, and Executive Officers with an insurance company.

The insurance covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

The Company bears the entire premium for all the insured.

#### **(4) Remuneration and other payments to Directors**

##### **[Decision policy of remuneration and other payments to each Director]**

###### **1) Basic Policy**

The Company has established a policy on the determination of the amount of officers' remuneration and its calculation method. The policy is to ensure 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 its management philosophy of *Earn the trust of society through corporate activity based in integrity*.

The Board of Directors and the Audit and Supervisory Committee have the authority to decide the policy for determining the amount of officers' remuneration and its calculation method. The policy is decided in view of the business environment and business performance, the remuneration structure and level are reviewed as needed, and the allocation of remuneration among the Directors is decided according to the magnitude of each post as well as the content and responsibilities of the entrusted work and the duties of each person.

###### **2) Policy regarding determination of the amount of base remuneration (monetary remuneration) for each Director**

Base remuneration (fixed amount) for Directors (excluding Audit and Supervisory Committee Members) of the Company is fixed remuneration on a monthly basis, and a remuneration table is determined for each remuneration rank. The base remuneration is based on the remuneration rank, which is based on a certain standard established for each position.

###### **3) Policy regarding the content, amounts and calculation methods of performance-linked remuneration**

The performance-linked remuneration is intended to boost the motivation to increase the share price and the financial results, as well as to expand corporate value. Indicators for the performance-linked remuneration (variable amount) are calculated by multiplying the standard amount for the remuneration rank by a factor based on the appraisal of each Director and a factor based on the corporate financial results. The remuneration is paid at a certain time every year. To reflect the results of the division that each Director is in charge of, the factor based on the appraisal of each Director and the factor based on the corporate financial results are determined based on the business environment, as well as other key indicators which include operating indicators, such as operating assets and the status of loan collection for each business that the Director is in charge of, and management indicators, such as operating revenue, ordinary profit, and ROA. For each Director, performance against the goal of the division that the Director is in charge of is evaluated, and the amount of the performance-linked remuneration is determined, as stated in 5), after adequate deliberations and response by the Personnel Committee that decides the treatment of Directors (established to ensure fairness and transparency of evaluation, comprising Directors nominated by the President and Representative Director).

The major management indicators in the consolidated fiscal year under review are as follows. As for the operating results, please see "1. Business Progress and Results" on page 21 of this notice of convocation.

Operating revenue	Operating expenses	Operating profit	Ordinary profit	ROA
132,097 million yen	120,855 million yen	11,242 million yen	12,265 million yen	1.4%

A predetermined percentage of the remuneration is contributed to the officers' shareholding association in the form of stock options (determined by each Director within the following limit, in principle: at least 5% of the monthly amount of base remuneration but less than one million yen per month). The Company requires Directors to retain the treasury shares they obtain in order to heighten the linkage between the remuneration and the share price.

###### **4) Policy regarding determination of the amount of monetary remuneration and the rate of performance-linked remuneration to total remuneration for each Director**

The Personnel Committee reviews the remuneration rate for Directors of the Company based on the remuneration standards benchmarked to our competitors having the same operational scale, industry, and business formats as the Company. The President and Representative Director as entrusted according to the procedure stated in 5) determines remuneration for individual Directors along with the response from



the Personnel Committee.

#### 5) Policy regarding decisions concerning remuneration for each Director

The President and Representative Director, and Chief Executive Officer Mitsuhide Fukuda will be entrusted by the Board of Directors to decide the specific content of remuneration for individual Directors. The content of its authority includes evaluations of the distribution of performance-linked remuneration based on the amount of base remuneration for each Director and the performance of businesses that the Director is in charge of. The Company entrusted these authorities to the President and Representative Director, and Chief Executive Officer because it believes that the President and Representative Director, and Chief Executive Officer understands the performance of each Director's business and so is qualified to make evaluations in line with their duties.

To ensure that the President and Representative Director will exercise the authority properly, the Board of Directors consults with the Personnel Committee to receive a response to a draft of the amount of the performance-linked remuneration and also seeks opinions from the Audit and Supervisory Committee. The President and Representative Director entrusted as stated above will decide the specific amounts of remuneration in line with the said response and opinions.

#### 6) Reason why the Board of Directors judged the remuneration for each Director is in line with the decision policy

The Board of Directors judged that the remuneration for each Director in the fiscal year under review is in line with the decision policy, based on the result that the decision method and content of remuneration for each Director follow the policy resolved at the Board of Directors' meeting, and the response and opinions of the Personnel Committee and the Audit and Supervisory Committee.

#### [Remuneration and other payments to Directors]

Position	Total payment (In millions of yen)	Total amount of each type of remuneration (In millions of yen)		Number of eligible Directors
		Base remuneration	Performance-linked remuneration	
Directors (excluding Directors who are Audit and Supervisory Committee Members)	142	109	33	7
Directors who are Audit and Supervisory Committee Members (Of which, Outside Directors)	34 (20)	34 (20)	- (-)	5 (3)
Total	176	143	33	12

- (Notes)
- As of the end of the consolidated fiscal year under review, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is six and the number of Directors who are Audit and Supervisory Committee Members is three (including two Outside Directors). The above numbers include one Director and two Directors who are Audit and Supervisory Committee Members who retired from office at the conclusion of the 44th Annual General Meeting of Shareholders on June 22, 2021.
  - In addition to the above, a total of 66 million yen in remuneration has been paid to the eight Directors (including two 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 66 million yen, 1 million yen in remuneration was paid to one Outside Director.
  - 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.
  - 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.
  - 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 held on June 23, 2015 is 500 million yen per year. As of the conclusion of the said General Meeting of Shareholders, the number of Directors (excluding those who are Audit and Supervisory Committee Members) was eight.

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 held on June 23, 2015 is 80 million yen per year. As of the conclusion of the said General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee Members was three.

#### (5) Outside Officers

##### Main activities and roles during the fiscal year

Name	Attendance at the Board of Directors' meetings, etc.	Main activities and roles
Hitoshi Shimura	The Board of Directors' meetings: 100% (33 attended/33 held)  The Audit and Supervisory Committee: 100% (9 attended/9 held)	Mr. Shimura actively participates in important meetings such as the meetings of the Board of Directors, the Compliance Committee, and the Risk Management Committee, and provides advice from a fair and neutral standpoint by utilizing considerable financial and accounting knowledge cultivated through his experience in various areas such as the Financial Services Agency for many years. He also gives opinions regarding the decision-making process of nomination and remuneration for Directors based on the evaluation of the execution of their duties.
Haruichi Suzuki	The Board of Directors' meetings: 95% (41 attended/43 held)  The Audit and Supervisory Committee: 100% (13 attended/13 held)	Mr. Suzuki actively participates in important meetings such as the meetings of the Board of Directors, the Compliance Committee, and the Risk Management Committee, and provides advice from a fair and neutral standpoint by utilizing his wealth of experience and broad insight as an attorney. He also gives opinions regarding the decision-making process of nomination and remuneration for Directors based on the evaluation of the execution of their duties.

#### 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, 2022

	Payments (In millions of yen)
Accounting Auditor's remuneration, etc. for the fiscal year ended March 31, 2022	76
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	120

- (Notes)
1. EY Office Limited 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 AG 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, 2022 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 taken 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 Operations 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, Operations 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.

With regard to the year-end dividend for the fiscal year under review, it has been set to 1 yen per share.

For the next fiscal year, we plan to pay an annual dividend of 1 yen per share (1 yen per share at the end of the fiscal year).

Internal reserves are to be used in strategic investments that strengthen our financial structure and expand our earnings base, considering all factors surrounding us such as the market environment, economic trends, relevant laws and regulations, and other aspects of the operating environment, so that we return profits to shareholders through future business development.

The Company's Articles of Incorporation stipulate that "the distribution of surplus can be made by a resolution of the Board of Directors, as stipulated in Article 459, Paragraph 1 of the Companies Act" and "the interim dividend can be provided by a resolution of the Board of Directors with the record date of September 30 every year."



### **Instructions for Voting via the Internet, etc.**

Deadline of exercising voting rights: 6 p.m., Monday, June 20, 2022 Japan time

#### **“Smart voting” by scanning the QR code**

You can log in to the website for exercising voting rights without having to enter your code for exercising voting rights and password.

1. Scan the QR code printed on the lower right of the Voting Rights Exercise Form.
2. Then indicate your approval or disapproval by following the guidance on the screen.

“Smart voting” can be used only once.  
If you modify your vote after exercising your voting rights, please follow the “Entering the code for exercising voting rights and password” below to enter your code for exercising voting rights and password, and log in, then exercise your voting rights once again.  
\* You can access the website below by scanning the QR code once again.

\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

#### **Entering the code for exercising voting rights and password**

URL of the website for exercising voting rights: <https://www.web54.net>

1. Access the website for exercising voting rights.
2. Enter your “code for exercising voting rights” printed on the lower left of the other side of the Voting Rights Exercise Form.
3. Enter your “password” printed on the lower left of the other side of the Voting Rights Exercise Form.
4. Then indicate your approval or disapproval by following the guidance on the screen.

If you have any questions about voting via the Internet, please contact:	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.)
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#### **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.