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(Securities Code 8515)

June 5, 2024

(Commencement date of electronic provision measures: May 31, 2024)

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 47TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 47th Annual General Meeting of Shareholders of AIFUL CORPORATION (the “Company” or “AIFUL”) will be held for the purposes as described below.

Electronic provision measures have been taken for the convocation of this General Meeting of Shareholders, and the matters subject to electronic provision measures are posted on the following website on the Internet.

Company’s website: <https://www.ir-aiful.com/en/investor/stock/meeting.html>

In addition to the above, this information is also posted on the following website on the Internet.

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

* Please enter “AIFUL” in the Issue name field or “8515” in the Code field, search, and select “Basic information” and then “Documents for public inspection/PR information” on the Tokyo Stock Exchange website to review the Company’s notice of convocation of this General Meeting of Shareholders.

Please review the Reference Documents for the General Meeting of Shareholders included in the matters subject to electronic provision measures, follow the “Exercise of Voting Rights” and “Instructions for Voting via the Internet, etc.,” and cast your vote by 6 p.m. on Monday, June 24, 2024 Japan time.

1. Date and time of Annual General Meeting of Shareholders: Tuesday, June 25, 2024 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 (Please refer to the venue map at the end of this document.)

3. Meeting Agenda:
Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company’s 47th Fiscal Year (April 1, 2023 - March 31, 2024) 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 47th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- Proposal No. 1:** Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 2:** Election of One Director Who Is an Audit and Supervisory Committee Member
- Proposal No. 3:** Revision of the Transfer Restriction Period in the Restricted Stock Compensation Plan for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

4. Disclosure on the Company's Website:

- Any updates to the matters subject to electronic provision measures will be posted on each website on which the matters are posted.
- Of the matters subject to electronic provision measures, pursuant to laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation, the Company does not include the following matters in documents to be delivered to shareholders who have requested document delivery. Therefore, such documents include parts of consolidated financial statements and non-consolidated financial statements that were audited when the Audit and Supervisory Committee and the Accounting Auditor prepared their audit report respectively.
 - (1) "Consolidated Statements of Change in Shareholders' Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
 - (2) "Non-Consolidated Statements of Change in Shareholders' Equity" and "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements

Exercise of Voting Rights

Following are the methods for exercising voting rights. Please review the Reference Documents for the General Meeting of Shareholders included in the matters subject to electronic provision measures, and exercise your voting rights.

- Attending the Annual General Meeting of Shareholders
Date and Time of Annual General Meeting of Shareholders: 10 a.m. on Tuesday, June 25, 2024 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)
- Exercise of Voting Rights by Mail
Exercise deadline: Arrival by 6 p.m. on Monday, June 24, 2024 Japan time
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it without postage stamp. If there is no indication of your vote for or against any proposal on the Voting Rights Exercise Form, it will be treated as an indication of approval.
- Exercise of Voting Rights via the Internet, etc.
Exercise deadline: Input until 6 p.m. on Monday, June 24, 2024 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: Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all Five 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	97% (38 attended/39 held)
2.	Yoshitaka Fukuda	Reappointment	Chairman and Representative Director	97% (38 attended/39 held)
3	Masayuki Sato	Reappointment	Representative Director and Senior Managing Executive Officer	97% (38 attended/39 held)
4	Akira Kamiyo	Reappointment	Director and Senior Managing Executive Officer	100% (39 attended/39 held)
5	Keiji Masui	Reappointment	Director and Senior Managing Executive Officer	97% (38 attended/39 held)

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
1	<p data-bbox="256 972 432 1003">Reappointment</p> <p data-bbox="237 1037 450 1099">Mitsuhide Fukuda (June 16, 1980)</p> <p data-bbox="225 1128 462 1211">Number of shares of the Company held: 62,203,420</p>	<p data-bbox="491 241 619 273">April 2003</p> <p data-bbox="491 277 619 309">April 2009</p> <p data-bbox="491 313 619 344">March 2011</p> <p data-bbox="491 349 619 380">June 2011</p> <p data-bbox="491 409 619 441">June 2012</p> <p data-bbox="491 470 619 501">April 2014</p> <p data-bbox="491 506 619 537">April 2014</p> <p data-bbox="491 600 619 631">June 2014</p> <p data-bbox="491 636 619 667">April 2016</p> <p data-bbox="491 730 619 761">April 2016</p> <p data-bbox="491 790 619 822">June 2016</p> <p data-bbox="491 884 619 916">April 2017</p> <p data-bbox="491 945 619 976">April 2018</p> <p data-bbox="491 1077 651 1108">October 2018</p> <p data-bbox="491 1207 619 1238">April 2019</p> <p data-bbox="491 1361 619 1393">June 2019</p> <p data-bbox="491 1525 619 1556">June 2020</p> <p data-bbox="491 1655 619 1686">June 2020</p> <p data-bbox="491 1718 651 1749">October 2022</p> <p data-bbox="491 1814 651 1845">January 2023</p> <p data-bbox="478 1850 858 1881">[Significant concurrent positions]</p> <p data-bbox="533 1886 1251 1917">Chairman and Representative Director of LIFECARD Co., Ltd.</p> <p data-bbox="533 1921 963 1953">Chairman and Director, FPC Co., Ltd.</p>

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
	<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>Reappointment</p> <p>Yoshitaka Fukuda (October 14, 1947)</p> <p>Number of shares of the Company held: 3,239,808</p>	<p>April 1967 Founded Matsubara Sangyo</p> <p>February 1976 President and Representative Director of Oasa, Inc.</p> <p>May 1982 President and Representative Director, the Company, due to merger</p> <p>April 2007 President and Representative Director, Chairperson of the Risk Management Committee</p> <p>June 2007 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee</p> <p>June 2011 Chairman and Representative Director of LIFECARD Co., Ltd.</p> <p>April 2014 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, responsible for the Internal Auditing Department</p> <p>June 2016 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Internal Auditing Department</p> <p>October 2017 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office and the Internal Auditing Department</p> <p>April 2019 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office, the Internal Auditing Department and the Group Internal Auditing Department</p> <p>April 2020 President and Representative Director, Chief Executive Officer, Chairperson of the Risk Management Committee, in charge of the Administrative Information Office and the Internal Auditing Department</p> <p>June 2020 Chairman and Representative Director (Current)</p>
<p>[Reasons for selecting the candidate for Director]</p> <p>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>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: 186,387</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 AG BUSINESS SUPPORT CORPORATION)</p> <p>June 2014 Representative Director and Senior Managing Executive Officer, Senior General Manager of the Management Planning Division, responsible for the Personnel Department</p> <p>January 2015 Authorized Director of AIRA & AIFUL Public Company Limited</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</p> <p>April 2023 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 Data Analytics Department, the Overseas Business Department, the Bangkok Representative Office, the Shanghai Representative Office and the Jakarta Representative Office</p> <p>March 2024 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 Data Analytics Department (Current)</p> <p>[Significant concurrent positions] Director of Anshin Guarantor Service Co., Ltd.</p>

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
	<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	Reappointment Akira Kamiyo (September 7, 1960) Number of shares of the Company held: 34,534	April 1983 Joined The Sumitomo Trust & Banking Co., Ltd.
		January 2005 Manager, the Main Branch of The Sumitomo Trust & Banking Co., Ltd.
		April 2005 Director and General Manager, the Planning Division of Matsushita Lease Credit Co., Ltd. (secondment)
		May 2005 Director and General Manager, the Planning Division of Sumishin Matsushita Financial Services Co., Ltd. (secondment)
		May 2008 General Manager of Tokyo Corporate Business Department III of The Sumitomo Trust & Banking Co., Ltd.
		April 2011 Executive Officer, General Manager of Global Credit Supervision Department I of The Sumitomo Trust & Banking Co., Ltd.
		April 2012 Executive Officer, General Manager of Global Credit Supervision Department I of Sumitomo Mitsui Trust Bank Limited
		April 2013 Managing Executive Officer of Sumitomo Mitsui Trust Bank Limited
		April 2017 Deputy President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
		April 2018 President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
		April 2020 Advisor of the Loan Business Division, the Credit Management Division, the Guarantee Business Division, the Credit Governance Department, the Corporate Risk Management Department, the Company
		June 2020 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
		April 2022 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
April 2023 Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Management Planning Division, in charge of the Personnel Department, the Legal Department, the Corporate Risk Management Department and the Credit Department		
April 2024 Director and Senior Managing Executive Officer, Chairperson of the Compliance Committee, Senior General Manager of the Management Planning Division, in charge of the Personnel Department, the Group Communications Department, the Legal Department, the Corporate Risk Management Department and the Credit Assessment Department		

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions
	[Reasons for selecting the candidate for Director]	<p>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. Since 2022, he has presided over the Management Planning 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	Reappointment Keiji Masui (March 24, 1963) Number of shares of the Company held: 88,121	August 1983 Joined the Company October 2002 Acting General Manager of the Finance Department April 2005 General Manager of the Kinki Loan Business Department July 2007 General Manager of the Loan Business Planning and Promotion Department January 2010 General Manager of the Subsidiary Management Department April 2014 Executive Officer June 2016 Director and Executive Officer June 2017 Representative Director and President of Sumishin Life Card Company, Limited April 2018 Representative Director and President of LIFE GUARANTEE CO., LTD. (currently AG Payment Service, CO., LTD.) June 2020 Chairman and Representative Director of AG MIRAIBARAI CO., LTD. (currently AG Payment Service, CO., LTD.) 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 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) April 2023 Representative Director and Chief Executive Officer of LIFECARD Co., Ltd. (Current)
		[Significant concurrent positions] Representative Director and Chief Executive Officer of LIFECARD Co., Ltd.
		[Reasons for selecting the candidate for Director] 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. He also has held the position of Representative Director and Chief Executive Officer of LIFECARD Co., Ltd., one of the group companies, since April 2023. 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.

- (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 has business transaction relationships.
 2. The candidate for Director Mitsuhide Fukuda concurrently serves as Chairman and Director of FPC Co., Ltd. FPC Co., Ltd. and the Company has business transaction relationships.
 3. The candidate for Director Masayuki Sato concurrently serves as Director of Anshin Guarantor Service Co., Ltd. Anshin Guarantor Service Co., Ltd. and the Company has business transaction relationships.
 4. The candidate for Director Keiji Masui concurrently serves as Representative Director and Chief Executive Officer of LIFECARD Co., Ltd. LIFECARD Co., Ltd. and the Company has business transaction relationships.
 5. No material conflict of interest exists between the Company and other candidates for Directors.
 6. The number of shares held by the candidate is the actual number of shares that includes shares held under the AIFUL employee shareholding program.
 7. 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 2024.

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

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

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

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

Name		Current positions and responsibilities at the Company	Attendance rate at the Board of Directors' meetings (Attended/Held)
Shinichiro Maeda	Reappointment Outside Director Independent Director	Outside Director Audit and Supervisory Committee Member	100% (39 attended/39 held)

No.	Name, etc.	Past experience, positions, responsibilities and significant concurrent positions	
1	Reappointment Outside Director Independent Director Shinichiro Maeda (May 19, 1969) Number of shares of the Company held: 0	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)
		June 2022	Director (Audit and Supervisory Committee Member), the Company (Current)
		[Significant concurrent positions] Associated Professor of Faculty of Economics, Kyushu University	
[Reasons for selecting the candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles] Mr. Shinichiro Maeda has been involved in corporate management, attended important board and committee meetings, and performed his responsibility of auditing the execution of duties properly as an Outside Director. Mr. Maeda, as faculty of universities, possesses abundant academic experiences and achievements in financial business studies in Japan and the United States, and broad insight from an expert and global view in the financial areas. The Company concluded that he is expected to provide advice and instructions from his objective and neutral standing point and nominated him again as a candidate for Outside Director who is an Audit and Supervisory Committee Member.			

- (Notes)
- No material conflict of interest exists between the candidate and the Company.
 - Mr. Shinichiro Maeda is a candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company has designated Mr. Shinichiro Maeda as independent director under the provisions of the Tokyo Stock Exchange, and has registered him at the aforementioned Exchange.
 - The Company has concluded an agreement on limitation of liability based on Article 28, Paragraph 2 of the Articles of Incorporation with Mr. Shinichiro Maeda. The agreement prescribes that if an Outside Director is liable for damages arising in the Company due to negligence of duties, as per Article 423, Paragraph 1 of the Companies Act, the liability of the Outside Director shall be limited to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, if said Outside Director acted in good faith and without gross negligence in performing his duties. If the election of the candidate is approved at this year's General Meeting of Shareholders, the Company plans to continue the agreement on limitation of liability.
 - 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 2024.
 - The term of office as an Outside Director who is an Audit and Supervisory Committee Member of the candidate Mr. Shinichiro Maeda will be two years at the conclusion of this year's General Meeting of Shareholders.

Proposal No. 3: Revision of the Transfer Restriction Period in the Restricted Stock Compensation Plan for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

In this Proposal, the Company requests approval to change the Transfer Restriction Period of the Restricted Stock Compensation Plan, which was approved at the 45th Annual General Meeting of Shareholders held on June 21, 2022.

At the 45th Annual General Meeting of Shareholders, the Company was approved for the payment of restricted stock, up to 50 million yen per year, as remuneration to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors, and Directors who are non-residents of Japan; hereinafter, “Eligible Directors”) for the purpose of providing them with an incentive to sustainably enhance the Company’s corporate value and further sharing value with shareholders (however, this does not include the employee salary portion for Directors who concurrently serve as employees). Then, the Company was also approved for the Transfer Restriction Period as “a period predetermined by the Board of Directors of the Company between three years and thirty years from the date of allotment under the allotment agreement.”

The Company proposes to change the Transfer Restriction Period to “the period from the date of receipt of the allotment to the date on which the Eligible Director retires from the position of either Director or Executive Officer of the Company,” for the purpose of further increasing the motivation of the Eligible Director to hold the allotted shares until the time of retirement, thereby to contribute to sustainable enhancement of the Company’s corporate value, and to realize the sharing of value with shareholders for as long as possible. If Proposal 1 is approved, the number of Eligible Directors will be five. Necessary revisions have been made to the lifting procedures for the transfer restriction of the Restricted Stock allotment agreement and for the treatment thereof at the time of retirement.

Furthermore, if this Proposal is approved as originally proposed, the Company proposes to make the same revisions to the Restricted Stock that has already been granted as the compensation for granting Restricted Stock prior to the change. There are no revisions to the compensation limit for granting restricted shares, the total number of common shares of the Company to be delivered or issued to Eligible Directors, and the method of deciding the amount to be paid in per share when granting restricted shares.

This Proposal has been determined by the Board of Directors in comprehensive consideration of matters such as the Company’s business scale, Director’s Compensation Plan and its payment level, the current number of Directors, and future trends, and the Company believes that it is appropriate.

Outline of the Restricted Stock Compensation Plan of the Company (The underlined parts are the revised contents if this Proposal is approved.)

1. Maximum number of restricted shares to be granted to Eligible Directors, etc.

Remuneration to be paid to Eligible Directors for the purpose of granting restricted shares shall be in the form of monetary claims, and the total amount thereof shall not exceed 50 million yen (however, this does not include the employee salary portion for Directors concurrently serving as employees). In addition, Eligible Directors shall make in-kind contribution of all monetary claims to be provided based on a resolution of the Board of Directors of the Company, and common shares of the Company shall be delivered or issued by the Company. The total number of common shares of the Company to be thus delivered or issued shall not exceed 333,000 shares per year. (However, in the event that the Company conducts a stock split (including the allotment of common shares of the Company without contribution) or a reverse stock split of its common shares, or any other event that requires the adjustment of the total number of common shares of the Company to be delivered or issued as restricted shares, the total number of shares shall be adjusted to a reasonable extent.) The amount to be paid in per share shall 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 immediately preceding the date of the resolution of the Board of Directors (if no transaction is made on that day, the closing price of the most recent transaction preceding that day), within a range that is not particularly advantageous to the Eligible Directors who will receive the common stock.

2. Matters related to restricted stock to be granted to Eligible Directors

The delivery or issuance of the Company’s common shares and the payment of monetary claims as property contributed in kind shall be subject to the conclusion of a restricted stock allotment agreement (hereinafter

referred to as the “Allotment Agreement”) between the Company and the Eligible Directors, which includes the following provisions.

[Summary of the Allotment Agreement]

(1) Transfer restriction period

For a period from the date of receipt of allotment to the date on which the Eligible Director retires from the position of either Director or Executive Officer of the Company (hereinafter the “Transfer Restriction Period”), concerning common stock of the Company allotted by the Allotment Agreement (hereinafter the “Allotted Shares”), Eligible Directors are prohibited to transfer the shares, create a security interest, or operate any other disposition of the shares (hereinafter the “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 the Allotted Shares 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 Allotted Shares. However, if said Eligible Directors retire or resign from the position 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 Allotted Shares to be lifted from the Transfer restriction and the shall be reasonably adjusted as necessary. In addition, at the time immediately after the lifting of the Transfer Restriction in accordance with the provisions above, the Company shall naturally acquire at no cost Allotted Shares for which the Transfer Restriction has not been lifted.

(4) Handling organizational restructuring, etc.

Notwithstanding the provision 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 Allotted Shares 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 Allotted Shares 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 related to the Allotment Agreement shall be determined by the Company’s Board of Directors.









(Reference)

Skills / Experiences of Directors (Including Directors Who Are Audit and Supervisory Committee Members) 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 Risk Management	Finance Accounting	Global	Human Resource Development	Credit Marketing	IT Digital DX	Diversity
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	Director and Senior Managing Executive Officer	○	○	○		○	○	○	○
Keiji Masui	Director and Senior Managing Executive Officer	○	○	○			○		
Hitoshi Shimura	Director who is an Audit and Supervisory Committee Member (Outside)		○	○	○				○
Keiichiro Okawa	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” explains that a Director possesses experience for one year or more of Senior General Manager in the applied business area 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 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 having 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.
	Human Resource 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.
	Credit Screening, Marketing	A person who has specialized knowledge and experience in “Credit screening,” 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.
	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.

(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 or in the three (3) fiscal years preceding the most recent fiscal year (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 three (3) fiscal years preceding the most recent fiscal year (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.

Business Report

(April 1, 2023 - March 31, 2024)

I. Overview of the Company Group

1. Business Progress and Results

During the fiscal year ended March 31, 2024, the Japanese economy was on a gradual recovery trend as social and economic activities were normalized with the lifting of restrictions that had been imposed on activities due to COVID-19.

However, the outlook remains uncertain, due to the rise in interest rates caused by changes in the Bank of Japan's monetary easing policy, fluctuations in foreign exchange rates, and inflation stemming from soaring energy and raw material prices.

In the consumer finance industry, the number of new contracts with major companies continued to increase year on year, and the operating loan balance increased. In addition, interest repayment claims have been steadily decreasing, while the situation still requires some monitoring as it is easily affected by changes in the external environment.

In this environment, the Group is targeting growth in the account receivables and the top line by investing in advertising with an emphasis on efficiency and pursuing UI / UX from the customer perspective. The Company will optimize costs and improve profit levels by continuing to promote DX and in-house production through investment in IT human resources.

(Overview of the Results)

In the fiscal year under review, AIFUL Group's operating revenue amounted to 163,109 million yen (up 13.2% year on year). The principal components were 95,400 million yen in interest on loans receivable (up 14.6% year on year), 21,625 million yen in revenue from the credit card business (up 5.4% year on year) and 19,408 million yen in revenue in the credit guarantee business (up 14.0% year on year).

Operating expenses increased 21,618 million yen to 142,045 million yen (up 18.0% year on year). This was mainly due to an increase of 16,542 million yen in provision for doubtful accounts to 52,546 million yen (up 45.9% year on year).

As a result of the above, AIFUL Group's operating profit for the fiscal year under review was 21,064 million yen (down 11.2% year on year), and ordinary profit was 22,067 million yen (down 9.7% year on year). Profit attributable to owners of the parent was 21,818 million yen (down 2.3% year on year) as a result of posting loss attributable to non-controlling interests of 316 million yen.

The results by business segment are as follows.

(AIFUL Corporation)

Loan business

In the loan business, the Company has employed effective and efficient advertising strategies utilizing television commercials and web advertisements, and has swiftly improved the official website, smartphone applications, application forms, etc. through in-house production in the digital field, thus continuously strengthening UI / UX and improving customer satisfaction with the aim of increasing the number of new contracts concluded and the operating loan balance.

As a result, in the fiscal year under review, the number of new contracts for unsecured loans was 338,000 (up 12.4% year on year) and the contract rate was 35.9% (up 4.0 point year on year).

At the end of the fiscal year under review, unsecured loans outstanding were 548,554 million yen (up 11.9% year on year), secured loans outstanding were 1,836 million yen (down 26.6% year on year), small business loans outstanding were 12,522 million yen (up 21.9% year on year), and the total balance of operating loans in the loan segment was 562,913 million yen (up 11.9% year on year) (5,126 million yen in off-balance sheet operating loans from the securitization have been included).

Credit guarantee business

In the credit guarantee business, AIFUL leveraged its know-how related to credit screening 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 personal loan guarantee at the end of the fiscal year under review was 162,266 million yen (up 14.1% year on year), and loans outstanding for business loan guarantee was 56,193 million yen (up 32.6% year on year).

Of the credit guarantee for the business loans, 1,415 million yen comes from guarantees provided to AG BUSINESS SUPPORT CORPORATION.

As a result of the above, in the fiscal year under review, AIFUL posted operating revenue of 103,867 million yen (up 17.4% year on year), operating profit of 24,339 million yen (up 27.2% year on year), ordinary profit of 27,147 million yen (down 15.7% year on year), and profit of 24,998 million yen (down 19.4% year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD aimed to acquire new members and increase the number of active members through the issuance of new tie-up cards, the redesign of credit cards, the addition of application functions and the renewal of benefits according to customer needs, and aggressive advertising.

As a result of the above, the transaction volume for the fiscal year under review was 741,515 million yen (up 4.0% year on year), and the balance of installment receivables for credit card business at the end of the fiscal year under review was 111,725 million yen (up 4.2% year on year) (6,036 million yen in off-balance sheet operating loans from the securitization have been included).

Card Cashing

The total amount of loans outstanding at the end of the fiscal year under review in LIFECARD's loan business was 22,708 million yen (down 2.5% year on year) (1,751 million yen in off-balance sheet operating loans from the securitization have been included).

Credit guarantee business

In the credit guarantee business, LIFECARD leveraged its know-how related to credit screening 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 personal loan guarantee at the end of the fiscal year under review was 28,034 million yen (up 1.0% year on year), and loans outstanding for business loan guarantee was 1,534 million yen (up 21.6% year on year).

As a result of the above, LIFECARD Co., Ltd. recorded operating revenue of 37,669 million yen (up 5.5% year on year), operating profit of 816 million yen (down 35.9% year on year), ordinary profit of 947 million yen (down 33.3% year on year), and profit of 363 million yen (down 60.1% year on year).

(Other)

Six consolidated subsidiaries (AIRA & AIFUL Public Company Limited, AG BUSINESS SUPPORT CORPORATION, AG Loan Services Corporation, AG Capital Co., Ltd., AG Payment Service, CO., LTD. and AG Medical Corporation) which are not included in reported segments for the fiscal year under review, posted operating revenue of 27,004 million yen (up 31.3% year on year), operating loss of 1,659 million yen (compared to operating profit of 1,976 million yen in the previous fiscal year), ordinary loss of 1,629 million yen (compared to ordinary profit of 2,044 million yen in the previous fiscal year), and loss of 2,319 million yen (compared to profit of 1,958 million yen in the previous fiscal year).

As of January 1, 2024, AG MIRAIBARAI CO., LTD. was dissolved due to an absorption-type merger with AG GUARANTEE CO., LTD as the surviving company. On the same day, AG GUARANTEE CO., LTD changed its trade name to AG Payment Service, CO., LTD.

2. Capital Investments

Capital investments by the AIFUL Group in the fiscal year under review (consolidated basis) totaled 10,598 million yen. Main items were system investments of 4,715 billion yen for updating core systems, 609 million yen for accounting system-related investments, 440 million yen for credit card-related investments, and 409 million yen for updating WEB system, and office equipment investments of 707 million yen for facilities at the head office and 661 million yen for facilities at business offices.

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 was 102,587 million yen (up 23.1% year on year), the balance of long-term debt was 482,318 million yen (up 11.4% year on year), the balance of corporate bonds was 80,000 million yen (up 77.8% year on year), and the balance of fund procurement was 664,905 million yen (up 18.5% year on year).

4. Issues to be Addressed

In the business environment surrounding the Group, the number of new contracts concluded is expected to be steady, in line with the gradual recovery trend of the economy, and the operating loan balance is expected to continue to expand. On the other hand, the impact of rising interest rates, fluctuations in foreign exchange rates, and rising prices is expected to continue to require close attention.

In addition, the environment surrounding the Group is rapidly changing, such as the entry of new vendors from different industries and the acceleration of DX, etc., and we are required to respond swiftly to these changes.

Against this backdrop, the Group has set a 10-year long-term vision of “Transformation Toward an IT Company - Aiming to Become a Company that Lasts 100 Years -” and has formulated a three-year Medium-term Management Plan starting in the fiscal year ending March 2025. With “Try Harder - Toward a New Stage of Growth -” as the theme of the Medium-term Management Plan, the Company will commit itself to improving the profit level of the entire Group through balance growth in its core businesses such as the loan business, credit guarantee business, and credit business, as well as cost structure reforms. We will also expand our customer base and acquire new business models toward a new stage of growth, and to that end will invest profits from our core businesses in businesses with high growth rates and M&A, and realize improvement in corporate value.

5. Trends in Assets and Income of the Corporate Group

Item	The 44th fiscal year ended (March 31, 2021)	The 45th fiscal year ended (March 31, 2022)	The 46th fiscal year ended (March 31, 2023)	The 47th fiscal year ended (Fiscal year under review) (March 31, 2024)
Loans to customers (millions of yen)	553,389	582,349	648,760	738,676
Number of customer accounts (accounts)	1,425,205	1,464,214	1,625,875	1,716,389
Operating revenue (millions of yen)	127,481	132,097	144,152	163,109
Ordinary profit (millions of yen)	19,305	12,265	24,428	22,067
Profit attributable to owners of parent (millions of yen)	18,437	12,334	22,343	21,818
Net income per share (yen)	38.12	25.50	46.19	45.10
Diluted net income per share (yen)	—	—	—	—
Total assets (millions of yen)	863,354	935,642	1,070,485	1,266,374
Net assets (millions of yen)	147,692	156,526	179,593	201,412

- (Notes) 1. Off-balance sheet operating loans from the securitization of claims (37,049 million yen in the 44th fiscal year, 34,891 million yen in the 45th fiscal year, 34,531 million yen in the 46th fiscal year, and 29,539 million yen in the 47th fiscal year) have been included in the amount of loans to customers.
2. In the 45th fiscal year, 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 45th fiscal year onward.

6. Significant Subsidiaries (as of March 31, 2024)

(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
AG BUSINESS SUPPORT 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
AG Payment Service, CO., LTD.	110 million yen	100.00%	Credit sales and deferred payment business
AIRA & AIFUL Public Company Limited	2,500 million yen Thai Baht	49.75%	Consumer finance business
AG MEDICAL CORPORATION	110 million yen	100.00% (100.00%)	Small business loan operations

- (Notes)
1. The percentage of voting rights contained in parentheses 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.
 3. As of January 1, 2024, AG MIRAIBARAI CO., LTD. was dissolved due to an absorption-type merger with AG GUARANTEE CO., LTD as the surviving company. On the same day, AG GUARANTEE CO., LTD changed its trade name to AG Payment Service, CO., LTD.

(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	39.07 (2.18)	Rent liabilities guarantee business
FPC Co., Ltd.	63 million yen	100.00%	Small-amount, short-term insurance business

(Note) The percentage of voting rights contained in parentheses is the percentage of shares held indirectly.

(3) Status of specified wholly-owned subsidiaries

No relevant matters

7. Principal Business (as of March 31, 2024)

Segment		Principal business
Finance Business	Consumer finance business	Small amount, unsecured loan operations for consumers
	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
	Small-amount, short-term insurance business	Sale of pet insurance

8. Principal Business Locations (as of March 31, 2024)

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, 2024)

(1) State of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
2,470 (1,246)	Increase of 290 [increase of 151]

- (Notes) 1. The number of employees is the number of full-time employees.
2. The number of employees does not include 1,246 temporary employees shown in parentheses.

(2) State of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
1,229 persons	Increase of 170	38.50 years old	12 years and 8 months

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

10. Major creditors (as of March 31, 2024)**(1) Major creditors of the Corporate Group**

Creditor	Amount of borrowings (In millions of yen)
Sumitomo Mitsui Trust Bank Limited	136,117
Aoyama Capital Co., Ltd	52,140
SBI Shinsei Bank, Ltd.	43,563
Aozora Bank, Ltd.	40,033
Mizuho Bank, Ltd.	31,239

(Note) In addition to the above, funding of 99,169 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	131,876
SBI Shinsei Bank, Ltd.	43,563
Aozora Bank, Ltd.	40,033
Mizuho Bank, Ltd.	30,000
Kiraboshi Bank, Ltd.	17,212

(Note) In addition to the above, funding of 99,169 million yen was procured through securitization of claims.

II. Status of the Company

1. Status of Shares (as of March 31, 2024)

- (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 783,316 shares of treasury stock)
- (3) Number of shareholders 19,215 persons
- (4) Major shareholders (top ten)

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
AMG Co., Ltd.	94,814	19.60
Mitsuhide Fukuda	62,172	12.85
The Master Trust Bank of Japan, Ltd. (trust account)	39,270	8.12
Marutaka Co., Ltd.	24,543	5.07
JP MORGAN CHASE BANK 385632	23,772	4.91
MSIP CLIENT SECURITIES	19,726	4.08
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	15,879	3.28
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	10,221	2.11
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	8,361	1.73
Custody Bank of Japan, Ltd. (trust account)	8,269	1.71

(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, 2024)
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, 2024)

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 Internal Auditing Department Chairman and Representative Director of LIFECARD Co., Ltd. Chairman and Director of FPC Co., Ltd.
Chairman and Representative Director	Yoshitaka Fukuda	
Representative Director	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 Data Analytics Department Director of Anshin Guarantor Service Co., Ltd.
Director	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, Corporate Risk Management Department and Credit Assessment Department
Director	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 Representative Director and Chief Executive Officer of LIFECARD Co., Ltd.
Director (Standing Audit and Supervisory Committee Member)	Hitoshi Shimura	Corporate Auditor of LIFECARD Co., Ltd.
Director (Standing Audit and Supervisory Committee Member)	Keiichiro Okawa	Corporate Auditor of LIFECARD Co., Ltd. Director of Anshin Guarantor Service Co., Ltd.
Director (Audit and Supervisory Committee Member)	Haruichi Suzuki	Director and Attorney-at-law of UEMATSU/SUZUKI Law Office Outside Director (Audit and Supervisory Committee Member) of KYOTO TOOL CO., LTD.
Director (Audit and Supervisory Committee Member)	Shinichiro Maeda	Associated Professor of Faculty of Economics, Kyushu University

- (Notes)
1. Of the Directors who are Audit and Supervisory Committee Members, Messrs. Hitoshi Shimura, Haruichi Suzuki and Shinichiro Maeda are Outside Directors stipulated in the Article 2, Paragraph 15 of the Companies Act. The Company has designated the above three persons as independent director under the provisions of the Tokyo Stock Exchange, and has registered them at the aforementioned Exchange.
 2. Mr. Hitoshi Shimura, a Director who is an Audit and Supervisory Committee Member, has experience in various areas such as the Ministry of Finance and the Financial Services Agency for many years, Mr. Keiichiro Okawa has operating experience gained in the Finance Department of the Company, and Mr. Shinichiro Maeda has experience gained as a securities analyst. All have considerable financial and accounting knowledge.

3. No material conflict of interest exists between UEMATSU/SUZUKI Law Office and the Company.
4. No material conflict of interest exists between KYOTO TOOL CO., LTD. and the Company.
5. No material conflict of interest exists between Kyushu University and the Company.
6. Mr. Hitoshi Shimura and Mr. Keiichiro Okawa 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
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, Personnel Department, Group Communications Department, Legal Department, Corporate Risk Management Department and Credit Assessment Department	April 1, 2024

(2) Name, etc. of Directors who retired during the fiscal year

Position at the Company at retirement	Name	Responsibilities and significant concurrent positions at retirement	Date of retirement
Director (Standing Audit and Supervisory Committee Member)	Yoshihide Fukuda	Corporate Auditor of AG Loan Services Corporation Corporate Auditor of AG Partners Corporation Corporate Auditor of AG BUSINESS SUPPORT CORPORATION Corporate Auditor of AG MEDICAL CORPORATION Corporate Auditor of AG SMILE LEASEBACK CORPORATION Corporate Auditor of AG Guarantee Corporation Corporate Auditor of AG MIRAIBARAI CO., LTD. Corporate Auditor of AG Capital Co., Ltd. Corporate Auditor of AG Crowdfunding Co., Ltd. Corporate Auditor of FPC Co., Ltd. Corporate Auditor of Seven Seas Co., Ltd.	June 27, 2023

(Note) 1. Mr. Yoshihide Fukuda, a Director (Standing Audit and Supervisory Committee Member), retired due to the expiration of his term of office.

(3) Summary of the Agreement on limitation of liabilities

The Company has concluded an agreement on limitation of liability with Mr. Hitoshi Shimura, Mr. Haruichi Suzuki and Mr. Shinichiro Maeda, 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.

(4) Summary of the Directors and Officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract that insures Directors 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.

(5) 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*.

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, Non-monetary remuneration, etc., as the performance-linked remuneration (Restricted Stock Compensation). 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 yen (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 Stock 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 for employees paid to 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 yen. 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 contents, amounts, and calculation methods of Non-monetary remuneration, etc. as performance-linked 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 major management indicators in the consolidated fiscal year under review are as follows. As for the operating results, please see “I. Overview of the Company Group 1. Business Progress and Results” in the Business Report in this notice of convocation.

Operating revenue	Operating expenses	Operating profit	Ordinary profit	ROA
163,109 million yen	142,045 million yen	21,064 million yen	22,067 million yen	1.9%

The Company heightens the link between the performance and the share price by paying the performance-linked remuneration as Non-monetary remuneration (Restricted Stock Compensation), etc. Specifically, the Company provides Restricted Stock to Eligible Directors by the method in which monetary remuneration paid as 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 the “amount of monetary remuneration” and “amount of performance-linked remuneration (Non-monetary remuneration, etc.)” to the total remuneration, etc. 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, entrusted according to 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 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.

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

The Board of Directors judged that the remuneration, etc. 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, etc. 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, etc. for Directors]

Position	Total payment of remuneration, etc. (In millions of yen)	Total amount of each type of remuneration, etc. (In millions of yen)			Number of Eligible Directors
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Directors who are Audit and Supervisory Committee Members)	149	126	—	22	5
Directors who are Audit and Supervisory Committee Members (Of which, Outside Directors)	41 (26)	41 (26)	—	—	5 (3)
Total	191	168	—	22	10

- (Notes)
1. As of the end of the fiscal year under review, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is five and the number of Directors who are Audit and Supervisory Committee Members is four (including three Outside Directors). The above numbers include one Director who was an Audit and Supervisory Committee Member and retired from office at the conclusion of the 46th Annual General Meeting of Shareholders on June 27, 2023.
 2. In addition to the above, a total of 65 million yen in remuneration has been paid to the five Directors who served concurrently as Directors of the Company's subsidiaries in the consolidated fiscal year under review.
 3. The total amount of consolidated remuneration for each Director of the Company is not included as there are no persons whose total amount of consolidated remuneration is 100 million yen or more.

(6) 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: 97% (38 attended/39 held) The Audit and Supervisory Committee: 100% (14 attended/14 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 Ministry of Finance and 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: 87% (34 attended/39 held) The Audit and Supervisory Committee: 93% (13 attended/14 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.
Shinichiro Maeda	The Board of Directors' meetings: 100% (39 attended/39 held) The Audit and Supervisory Committee: 100% (14 attended/14 held)	Mr. Maeda 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 faculty of universities. He also gives opinions regarding the decision-making process of nomination and remuneration for Directors and Executive Officers 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, 2024

	Amounts of Remuneration, etc. (In millions of yen)
Accounting Auditor's Remuneration, etc. for the Fiscal Year Ended March 31, 2024	77
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	132

- (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, 2024 is the total figure for both audits.
 4. The Company pays compensation (6 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 has 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.
- Establish a system to prevent the use of financial services provided by the AIFUL Group for financial crimes such as money laundering and financing of terrorism.

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 4 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.
- The Company conducts monitoring to detect suspicious transactions in order to prevent the use of financial services provided by the AIFUL Group for financial crimes such as money laundering and financing of terrorism.

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 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 utilized flexibly and efficiently for M&A promotion with a view to generating future profits and for stable and continuous shareholder returns in accordance with the medium-term management plan for the fiscal year ending March 2025 through the fiscal year ending March 2027 with a target of a "total return ratio of approximately 20%," which in turn is predicated on the assumption of "maintaining an equity ratio of 15% or more."

The Company stipulates in its Articles of Incorporation that "In accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, the Company may pay dividends of surplus by resolution of the Board of Directors" and that "Interim dividends may be paid by resolution of the Board of Directors, with September 30 of each year as the record date."

Instructions for Voting via the Internet, etc.

Deadline of exercising voting rights: 6 p.m., Monday, June 24, 2024 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. JST)
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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.