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Securities code: 7180

June 2, 2017

To our shareholders:

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

## NOTICE OF THE 2ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 2nd Ordinary General Meeting of Shareholders of Kyushu Financial Group, Inc. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or on the Internet, etc. After reviewing the Reference Documents for the General Meeting of Shareholders hereinafter described, please exercise your voting rights no later than Tuesday, June 20, 2017 at 5:30 p.m. (Japan Standard Time).

**1. Date and Time:** Wednesday, June 21, 2017 at 10:00 a.m. (Japan Standard Time)

**2. Venue:** Headquarters of the Company (Head office of The Higo Bank)

Main conference room on the 2nd floor

1, Rempeicho, Chuo-ku, Kumamoto-shi, Kumamoto-ken

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 2nd Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. Non-Consolidated Financial Statements for the 2nd Term (from April 1, 2016 to March 31, 2017)

**Items to be resolved:**

**Proposal 1:** Partial Amendments to the Articles of Incorporation

**Proposal 2:** Election of Ten (10) Directors

**Proposal 3:** Election of One (1) Corporate Auditor

Notes:

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

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

As the range of business activities that a bank-holding company can perform under the Banking Act has been reviewed, it is proposed that the necessary amendments be made to the business objectives prescribed in Article 2 of the current Articles of Incorporation in order that the Company may expand its business activities more flexibly.

2. Details of the amendments

The details of the amendments are as follows.

(Underlined parts are amendments.)

Current Articles of Incorporation	Proposed Amendment
(Purpose) Article 2. The purpose of the Company as a bank-holding company shall be to engage in the following business activities: (1) Business management of banks or other companies that may, under the Banking Act, be made subsidiaries  (2) <u>All businesses that are incidental to business activity mentioned in the preceding item</u>	(Purpose) Article 2. The purpose of the Company as a bank-holding company shall be to engage in the following business activities: (1) Business management <u>and incidental business activities</u> of banks or other companies that may, under the Banking Act, be made subsidiaries  (2) <u>In addition to the business activities prescribed in the preceding item, any other business activity in which a bank-holding company may engage under the Banking Act</u>

**Proposal 2:** Election of Ten (10) Directors

The terms of office of all ten (10) current Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of ten (10) Directors.

Please note that the nominations of the Candidates for Directors have been approved by the Board of Directors under the Candidate Selection Policies established by the Company.

<Director Candidate Selection Policies>

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

Furthermore, the two (2) Outside Directors both meet the independence standards for outside officers established by the Company. (Please refer to page 10 of this document for an overview of the Outside Officer Independence Standards.)

The candidates for Director are as follows.

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

No.	Name (Date of birth)	Career summary	Number of the Company's shares owned
1	<p>Takahiro Kai (April 25, 1951)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1975      Joined The Higo Bank, Ltd.</p> <p>June 2006      Senior Managing Director</p> <p>June 2008      Representative Director and Deputy President</p> <p>June 2009      Representative Director and President (to present)</p> <p>Oct. 2015      Chairman of the Board of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Chairman of the Board (Head)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of The Higo Bank, Ltd.</p> <p>Chairman of The District Economics Research Institute of Kumamoto Area</p> <p>Chairman of Foundation for the Preservation of Green and Water Resources in the Province of Higo</p>	90,870
		<p>Reasons for nomination as candidate for Director</p> <p>Takahiro Kai has driven the general management of The Higo Bank, Ltd., now a wholly owned subsidiary of the Group, as its Representative Director and President since 2009. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Takahiro Kai can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	
2.	<p>Motohiro Kamimura (August 18, 1952)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1975      Joined The Kagoshima Bank, Ltd.</p> <p>June 2004      Director and General Manager of Operations Management Division</p> <p>June 2006      Managing Director</p> <p>June 2010      President (to present)</p> <p>Oct. 2015      President of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>President (Head)</p> <p>[Significant concurrent positions outside the Company]</p> <p>President of The Kagoshima Bank, Ltd.</p>	33,550
		<p>Reasons for nomination as candidate for Director</p> <p>Motohiro Kamimura has driven the general management of The Kagoshima Bank, Ltd., now a wholly owned subsidiary of the Group, as its President since 2010. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Motohiro Kamimura can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	
3	<p>Akihisa Koriyama (May 11, 1957)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1980      Joined The Kagoshima Bank, Ltd.</p> <p>June 2010      Director and General Manager of Personnel Division</p> <p>June 2011      Managing Director and General Manager of Integrated Planning Division</p> <p>June 2014      Senior Managing Director (to present)</p> <p>Oct. 2015      Director of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Director (In charge of Corporate Planning Division)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Senior Managing Director of The Kagoshima Bank, Ltd.</p>	23,160
		<p>Reasons for nomination as candidate for Director</p> <p>Akihisa Koriyama has held various positions in The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. After having worked successively as Director in charge of corporate planning, Director in charge of business, and Director in charge of personnel, since 2014, he has held the position of Senior Managing Director. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Akihisa Koriyama can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	

No.	Name (Date of birth)	Career summary	Number of the Company's shares owned
4	<p>Tsuyoshi Mogami (June 18, 1956)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1980      Joined The Higo Bank, Ltd.</p> <p>June 2011      Director, Executive Officer, and General Manager of Loan Management Division</p> <p>June 2013      Director and Managing Executive Officer</p> <p>June 2015      Director and Senior Managing Executive Officer (to present)</p> <p>Oct. 2015      Director of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Director (In charge of Group Strategy Department and Securities Subsidiary Establishment Pre-opening Office)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director and Senior Managing Executive Officer of The Higo Bank, Ltd.</p>	35,026
		<p>Reasons for nomination as candidate for Director</p> <p>Tsuyoshi Mogami has held various positions in The Higo Bank, Ltd., now a wholly owned subsidiary of the Group. After having worked successively as Director in charge of corporate planning, Director in charge of personnel, and Director in charge of credit, since 2015, he has held the position of Director and Senior Managing Executive Officer. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Tsuyoshi Mogami can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	
5	<p>Hiroyuki Matsunaga (April 10, 1961)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1985      Joined The Kagoshima Bank, Ltd.</p> <p>Oct. 2015      Director of the Company (to present)</p> <p>Apr. 2016      Managing Director and General Manager of Corporate Planning Division, The Kagoshima Bank, Ltd.</p> <p>May 2016      Director of The Higo Bank, Ltd. (to present)</p> <p>Apr. 2017      Managing Director of The Kagoshima Bank, Ltd. (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Director (In charge of Operations Administration and IT Management Division)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Managing Director of The Kagoshima Bank, Ltd.</p> <p>Director of The Higo Bank, Ltd. (Non-Executive)</p>	14,390
		<p>Reasons for nomination as candidate for Director</p> <p>Hiroyuki Matsunaga has held various positions in The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. After having worked successively as Chief of various branches, General Manager of Business Supporting Division, and General Manager of Corporate Planning Division, in 2016, he assumed the position of Managing Director. In the same year, he also assumed the position of Director of The Higo Bank, Ltd. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Hiroyuki Matsunaga can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	

No.	Name (Date of birth)	Career summary	Number of the Company's shares owned
6	<p>Yoshihisa Kasahara (January 5, 1962)</p> <p>[For reelection]</p> <p>Attendance at 10 out of 10 board of directors meetings (100%)</p>	<p>Apr. 2014     Managing Executive Officer and Officer in charge of Sales, Mizuho Trust &amp; Banking Co., Ltd.</p> <p>Apr. 2015     Joined The Higo Bank, Ltd. (Managing Executive Officer and General Manager of Internal Audit Division)</p> <p>June 2015     Director and Managing Executive Officer (to present)</p> <p>May 2016     Director of The Kagoshima Bank, Ltd. (to present)</p> <p>June 2016     Director of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Director (In charge of Compliance and Risk Management Division and Audit Department)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director and Managing Executive Officer of The Higo Bank, Ltd.</p> <p>Director of The Kagoshima Bank, Ltd. (Non-Executive)</p>	12,800
		<p>Reasons for nomination as candidate for Director</p> <p>After working in the position of Managing Executive Officer at Mizuho Trust &amp; Banking Co., Ltd., from 2015, Yoshihisa Kasahara worked successively as the General Manager of the Internal Audit Division and the Director in charge of the Internal Audit Division, and, in the same year, he assumed the position of Director and Managing Executive Officer in The Higo Bank, Ltd., which is now a wholly owned subsidiary of the Group. Then, in 2016, he assumed the position of Director of The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Yoshihisa Kasahara can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	
7	<p>Toru Hayashida (June 6, 1959)</p> <p>[For reelection]</p> <p>Attendance at 12 out of 12 board of directors meetings (100%)</p>	<p>Apr. 1983     Joined The Higo Bank, Ltd.</p> <p>June 2013     Executive Officer and General Manager of General Planning Division</p> <p>June 2015     Director, Executive Officer and Chief of Business Integration Preparation Section</p> <p>Oct. 2015     Director</p> <p>Oct. 2015     Director and General Manager of Corporate Planning Division of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Director (General Manager of Corporate Planning Division)</p>	18,600
		<p>Reasons for nomination as candidate for Director</p> <p>Toru Hayashida has held various positions in The Higo Bank, Ltd., now a wholly owned subsidiary of the Group. After working successively as Executive Officer and General Manager of General Planning Division, he assumed the position of Director, Executive Officer and Chief of Business Integration Preparation Section. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Toru Hayashida can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>	

No.	Name (Date of birth)	Career summary		Number of the Company's shares owned
8	<p>Tsukasa Tsuruta (August 16, 1959)</p> <p>[For reelection]</p> <p>Attendance at 10 out of 10 board of directors meetings (100%)</p>	<p>Apr. 1984      Joined The Kagoshima Bank, Ltd.</p> <p>June 2014      Director and General Manager of Business Supporting Division</p> <p>June 2015      Executive Officer and General Manager of Business Supporting Division</p> <p>Apr. 2016      Executive Officer and Counselor of Corporate Planning Division</p> <p>June 2016      Director and General Manager of Group Strategy Department of the Company (to present)</p> <p>[Position and responsibilities in the Company] Director (General Manager of Group Strategy Department)</p>		14,200
		<p>Reasons for nomination as candidate for Director</p> <p>In The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group, Tsukasa Tsuruta has worked successively in the positions of Chief of various branches, General Manager of Credit Supervision Division, and Director and General Manager of Business Supporting Division. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Tsukasa Tsuruta can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</p>		
9	<p>Katsuaki Watanabe (February 13, 1942)</p> <p>[For reelection]</p> <p>[Outside]</p> <p>Attendance at 10 out of 12 board of directors meetings (83.3%)</p>	<p>Apr. 1964      Joined Toyota Motor Co., Ltd. (currently, Toyota Motor Corporation)</p> <p>Sept. 1992      Director of Toyota Motor Corporation</p> <p>June 1997      Managing Director</p> <p>June 1999      Senior Managing Director</p> <p>June 2001      Executive Vice President</p> <p>June 2005      President</p> <p>June 2009      Vice Chairman</p> <p>June 2011      Senior Advisor</p> <p>July 2015      Advisor (to present)</p> <p>Oct. 2015      Outside Director of the Company (to present)</p> <p>[Position and responsibilities in the Company] Outside Director</p> <p>[Significant concurrent positions outside the Company] Advisor of Toyota Motor Corporation Corporate Auditor of Sumitomo Electric Industries, Ltd.</p>		1,900
		<p>Reasons for nomination as candidate for Outside Director</p> <p>Since the Company judges that, based on the rich experience, broad insight, and knowledge that Katsuaki Watanabe has developed as a top executive of leading manufacturers, he can supervise the general management of the Group from an objective and neutral standpoint, the Company requests his election as an Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</p>		

No.	Name (Date of birth)	Career summary	Number of the Company's shares owned
10	<p>Takejiro Sueyoshi (January 3, 1945)</p> <p>[For reelection]</p> <p>[Outside]</p> <p>Attendance at 11 out of 12 board of directors meetings (91.6%)</p>	<p>Apr. 1967      Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 1994      Chief of New York Branch</p> <p>June 1994      Director</p> <p>Apr. 1996      President of Bank of Tokyo-Mitsubishi Trust Company (New York)</p> <p>June 1998      Executive Deputy President of Nikko Asset Management Co., Ltd.</p> <p>July 2003      Special Advisor to UNEP Finance Initiative (to present)</p> <p>May 2007      Director of Takashimaya Co., Ltd.</p> <p>June 2007      Auditor of The Kagoshima Bank, Ltd.</p> <p>May 2009      Director of Aeon Co., Ltd.</p> <p>June 2010      Director of IntegreX, Inc</p> <p>June 2010      Director of FP Corporation (to present)</p> <p>Oct. 2015      Outside Director of the Company (to present)</p> <p>[Position and responsibilities in the Company]</p> <p>Outside Director</p> <p>[Significant concurrent positions outside the Company]</p> <p>Special Advisor to UNEP Finance Initiative</p> <p>Director of FP Corporation</p>	900
<p>Reasons for nomination as candidate for Outside Director</p> <p>Since the Company judges that, based on the rich experience, broad insight, and knowledge that Takejiro Sueyoshi has developed as a top executive of leading financial institutions and as Special Advisor to UNEP Finance Initiative, he can supervise the general management of the Group from an objective and neutral standpoint, the Company requests his election as Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</p>			

- Notes:
1. Candidate Takahiro Kai concurrently serves as Chairman of The District Economics Research Institute of Kumamoto Area and Chairman of Foundation for the Preservation of Green and Water Resources in the Province of Higo, and The Higo Bank, Ltd., which is a wholly owned subsidiary of the Company, makes donations to both of these foundations. There is no special interest between any of the other candidates for Director and the Company.
  2. Katsuaki Watanabe and Takejiro Sueyoshi are candidates for Outside Director.
  3. The terms of office of Katsuaki Watanabe and Takejiro Sueyoshi as Outside Directors of the Company will both be approximately one (1) year and nine (9) months at the conclusion of this meeting.
  4. Both Katsuaki Watanabe and Takejiro Sueyoshi are registered, with the stock exchanges on which the Company is listed, as Independent Officers who have no possibility of a conflict of interest arising with ordinary shareholders. If they are both elected as Outside Directors, the Company plans to continue to register them as Independent Officers.
  5. With respect to the liability provided for in Article 423, Paragraph 1 of the Companies Act, the Company has entered into limited liability agreements with Katsuaki Watanabe and Takejiro Sueyoshi that limit their liabilities to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. If they are both elected as Outside Directors, the Company plans to continue the agreements with them.
  6. In December 2013, Sumitomo Electric Industries, Ltd., where Katsuaki Watanabe serves as an outside auditor, received a cease and desist order, etc., from the Japan Fair Trade Commission on the suspicion of having violated the Antimonopoly Act in connection with receiving orders from Tokyo Electric Power Company Holdings, Incorporated, for overhead transmission line construction. In addition to this, in July 2013, Sumitomo Electric Industries, Ltd., received notification from the European Commission of its decision finding infringements of the EU competition law in connection with transactions for automotive wiring-harness products, and, in August 2014, the same company was ordered by the National Development and Reform Commission of China to pay a surcharge under the Chinese Antimonopoly Law. Furthermore, in April 2014, a surcharge was imposed on the same company by the European Commission for its finding of infringement of the EU competition law in connection with transactions involving high voltage and special high voltage power cables. It has been found that these violations ended before Katsuaki Watanabe's term of office. Until the situations became known, he was not aware of acts that were subject to orders, decisions, etc. However, with respect to compliance, on a regular basis and in collaboration with other corporate auditors, he checks and expresses opinions on the internal control system and concrete measures. Furthermore, after the situations became known, to eliminate and prevent violations of antitrust law, including overseas competition law, he made statements concerning such issues as development and improvement of the entire Sumitomo Electric Group's compliance system for competition law and the thoroughness and firm establishment of that system.



7. In relation to AEON Co., Ltd., where Takejiro Sueyoshi had served as an outside director until May 2017, it was discovered that, from February to March of 2013, an executive officer of the same company had been involved in unfair trading of stock. In the Board of Directors of the same company, Takejiro Sueyoshi has executed his duties as an outside director through statements on strengthening corporate governance to achieve the prevention of a recurrence.

#### <Outside Officer Independence Standards>

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

#### Supplementary Provisions

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

**Proposal 3:** Election of One (1) Corporate Auditor

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

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

<Corporate Auditor Candidate Selection Policies>

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

The Candidate for Corporate Auditor is as follows.

Name (Date of birth)	Career summary	Number of the Company's shares owned
Hirofumi Kaigakura (August 3, 1962)  [New election]	Apr. 1985      Joined The Kagoshima Bank, Ltd. June 2011      Deputy Manager of Sales Strategy Division Oct. 2011      Chief of Miyakonojo Branch June 2014      Chief of Chuo Branch Apr. 2017      Auditor (to present) Position in the Company – [Significant concurrent positions outside the Company] Auditor of The Kagoshima Bank, Ltd.	6,800
Reasons for nomination as candidate for Corporate Auditor Hirofumi Kaigakura has held various positions in The Kagoshima Bank, Ltd., which is now a wholly owned subsidiary of the Group. After having worked successively as Deputy Manager of Sales Strategy Division and Chief of various branches, in 2017, he assumed the position of Auditor. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services as well as appropriate knowledge of finance and accounting, the Company believes that Hirofumi Kaigakura can contribute to ensuring the soundness of the Group, and it has therefore nominated him as a candidate for Corporate Auditor.		

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