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(Securities Code 7164)
June 3, 2020

To Shareholders with Voting Rights:

Eiji Ishikawa
President & Representative Director
ZENKOKU HOSHO Co., Ltd.
2-1-1 Otemachi,
Chiyoda-ku, Tokyo, Japan

NOTICE OF CONVOCAION OF THE 40TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 40th Annual General Meeting of Shareholders of ZENKOKU HOSHO Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via electromagnetic method (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 5 p.m. on Thursday, June 18, 2020 Japan time.

- 1. Date and Time:** Friday, June 19, 2020 at 10 a.m. Japan time (reception will open at 9 a.m.)
- 2. Place:** JP Tower Hall and Conference, Fourth floor of JP Tower, located at 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company’s 40th Fiscal Year (April 1, 2019 - March 31, 2020)
 - Proposals to be resolved:**
 - Proposal No. 1:** Distribution of Surplus
 - Proposal No. 2:** Election of Seven (7) Directors
 - Proposal No. 3:** Election of Four (4) Audit & Supervisory Board Members

4. Matters concerning the convocation

- (1) If there is no indication for or against each proposal on the Voting Rights Exercise Form, the vote will be deemed to be for a proposal.
- (2) In the event that voting rights are exercised multiple times via the Voting Rights Exercise Form, the most recent one to arrive will be deemed valid.
- (3) In the event that voting rights are exercised multiple times via the Internet, etc., the most recent one to arrive will be deemed valid.
- (4) In the event that voting rights are exercised both via the Voting Rights Exercise Form and the Internet, etc., the vote via the Internet, etc., will be deemed valid.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. To save resources, please bring this “Notice of Convocation” with you.
 - ◎ If exercising voting rights via proxy, you may designate one (1) other shareholder with voting rights to act as your proxy and exercise your voting rights. However, please understand that documentation proving agency privileges will be required to be submitted.
 - ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, Business Report, or Financial Statements will be posted on the Company’s website (<http://www.zenkoku.co.jp/>).
 - ◎ On the day of the meeting, as a method to conserve electricity, employees will be wearing light clothing (“Cool Biz”). We ask that shareholders attend in light clothing as well.

Business Report

(April 1, 2019 - March 31, 2020)

I Overview of the Company

1. Business Progress and Results

(1) Economic Environment and Business Environment

During the fiscal year ended March 31, 2020, despite a moderate recovery due to sustained improvements in employment and income conditions, the outlook grew uncertain for the Japanese economy due in part to the impact of foreign trade matters and the spread of the novel coronavirus infection.

In the housing market, due to the continuing government policies designed to support housing acquisitions and the low interest rate environment for housing loans, the total number of owner-occupied houses and condominiums out of the number of new housing remained at the same level as in the previous fiscal year. However, the performance remained weak from October 2019 onwards due to a decline in consumer sentiment arising from factors such as successive natural disasters and the consumption tax hike. The housing loan market also remained weak in the same manner as the housing market.

(2) Business Summary

In such a business environment, entering the final year of the medium-term management plan “Best route to 2020,” we have implemented various measures with the focus on “expansion of the business scale,” “enhancement of the corporate value” and “expansion of business domains.”

For the expansion of the business scale, we have exerted our efforts to improve the utilization rate of our credit guarantee products with the existing partnering financial institutions, and to increase the number of new contracts with prospective partnering financial institutions. In order to increase the utilization rate of our credit guarantee products with the existing partnering financial institutions, we made efforts in proposals to increase users for our data linkage system between the Company and the partnering financial institutions. We also held presentation sessions on our credit guarantee products and undertook visiting activities to the sales branches. Furthermore, in order to support sales efforts to acquire housing loans, we again implemented our reputed campaign. As for increasing the number of new contracts with prospective partnering financial institutions, we continuously performed marketing activities, and as a result, signed new contracts with six financial institutions, including one bank, one credit union, three JA cooperatives and one JF cooperative during the fiscal year ended March 31, 2020. We also worked to expand the scale of our business in the existing housing loan market by purchasing the shares of another guarantee company and making it a subsidiary.

For the enhancement of the corporate value, we newly acquired an A-range credit rating from a domestic credit rating agency for the purpose of enhancing management transparency and credibility. In addition, we worked on developing a vigorous corporate culture by continuing to work on improving operational efficiency through digitalization, as well as taking initiatives to create a comfortable working environment.

For the expansion of business domains, we continued with our efforts to strengthen the operating structure of a subsidiary to which we consign part of our business on managing and collecting our right to reimbursement.

As a result of such efforts, we recorded operating revenue of ¥45,203 million (up 4.6% year-on-year), operating income of ¥35,379 million (up 3.4% year-on-year), ordinary income of ¥35,760 million (up 1.7% year-on-year), and net income of ¥24,430 million (up 1.2% year-on-year), thus achieving growth in both revenue and profits.

Additionally, results of guarantees for the 40th fiscal year were as follows.

(Amounts: institutions, guarantees, million yen)

Item	The 37th fiscal year ended March 31, 2017	The 38th fiscal year ended March 31, 2018	The 39th fiscal year ended March 31, 2019	The 40th fiscal year ended March 31, 2020
Number of partnering financial institutions	738	746	750	739
Number of new guarantees granted	71,777	68,073	68,311	67,003
Amount of new guarantees granted	1,689,725	1,666,315	1,722,629	1,732,416
Outstanding guarantee exposure at the end of the period	10,890,638	11,789,304	12,717,625	13,706,421

(Notes) 1. Figures for the number of new guarantees granted and the amount of new guarantees are results of housing loans extended by private financial institutions.

2. The outstanding guarantee exposure at the end of the period for the 40th fiscal year ended March 31, 2020 includes ¥90,397 million for Towa Shinyo Hosho Co., Ltd., the Company's subsidiary.

2. Status of Capital Investments

Not applicable.

3. Status of Financing, etc.

The Company raised ¥30,000 million through a subordinated syndicated loan, with the aim of acquiring a credit rating and building a solid financial foundation.

4. Status of Business Transfers, etc.

(1) Status of Business Transfers, Absorption-type Splits, or Incorporation-type Splits

Not applicable.

(2) Status of Acceptance of Business Transfers From Other Companies

Not applicable.

(3) Status of Continuation of Rights Obligations Regarding Business of Other Companies due to Absorption-type Mergers or Absorption-type Splits

Not applicable.

(4) Status of Acquisition or Disposal of Stock, Other Equity, or Share Acquisition Rights, etc., of Other Companies

The Company acquired all shares of Towa Shinyo Hosho Co., Ltd. on February 28, 2020.

5. Trends in Assets and Income

(Amount: million yen)

Item	The 37th fiscal year ended March 31, 2017	The 38th fiscal year ended March 31, 2018	The 39th fiscal year ended March 31, 2019	The 40th fiscal year ended March 31, 2020
Operating revenue	35,918	39,599	43,204	45,203
Ordinary income	29,001	31,974	35,169	35,760
Net income	19,530	22,052	24,134	24,430
Net income per share	284.04 yen	320.71 yen	350.92 yen	355.17 yen
Net assets	90,149	108,127	126,998	145,049
Total assets	263,352	294,137	321,232	372,968

(Note) Net income per share is calculated using the average number of outstanding shares for the fiscal year, minus treasury shares.

6. Issues to be Addressed

(1) Basic Management Policies

Under our management philosophy, “Helping customers realize their dreams and happiness by offering the highest-quality guarantee instruments and services to all customers who need credit guarantees, and contributing to the development of regional communities through our credit guarantee service business,” we aim to raising our corporate value and achieve long-term development and the growth of our business by implementing managerial measures from the standpoint of all stakeholders.

(2) Medium to long-term management strategies and issues

Regarding the environment surrounding the Company, the new housing market is expected to shrink on a long-term basis due to a decline in the population and the number of households in association with the falling birthrate and aging population. For the time being, however, we anticipate the number of new housing starts sustained at the current level and an invigorated second-hand housing/house renovation market.

Taking such a business environment into account, we have developed a medium-term management plan “Beyond the Border” for the three years from fiscal year 2020 to fiscal year 2022. This medium-term management plan sets out the vision “Based on the ‘credibility’ and ‘trust’ that we have built, we will establish a solid position as the leading guarantee provider in Japan,” based on which we will implement various measures based on the three basic policies of i) expansion of the business scale, ii) expansion of business domains, and iii) enhancement of the corporate value.

[Expansion of the business scale]

The domestic market for housing loans by private financial institutions is immense, with annual new loans of approximately ¥18 trillion and existing loans of approximately ¥174 trillion, and there is ample room for us to further expand the outstanding guarantee exposure.

In order to expand our market share, we will strengthen our traditional business base by deepening relationships with more than 700 partnering financial institutions and increasing the number of tie-ups with new partnering financial institutions, and expand the scale of our business by developing new channels for housing loan applications through collaborations with non-financial companies. In addition, as a measure to expand the existing loan market, we will work to increase outstanding guarantee exposure by taking over guarantee liabilities from other guarantee companies.

[Expansion of business domains]

We believe that the housing loan guarantee business, which is our core business, is expected to continue to grow steadily. We will leverage our unique strengths to expand our business domains and diversify our revenue sources.

Specifically, we will utilize our operating base that we have built up in the credit guarantee business to expand the scale of our subsidiary servicer business and consider expanding into business areas with a high degree of affinity to the credit guarantee business. Overseas expansion will also be studied from a long-term perspective, in terms of which region to enter and potential collaboration with other companies.

[Enhancement of the corporate value]

Our outstanding guarantees exposure exceeds ¥13 trillion, leading to greater corporate social responsibility. We will raise our corporate value by enhancing non-financial information, making effective use of management resources, and promoting operational efficiency. Furthermore, toward the realization of sustainable growth, we will formulate and implement a policy for addressing the SDGs in order to contribute to solving social issues through our housing loan guarantee business.

The Company asks for the continued support of shareholders.

7. Principal Businesses

Business category	Category
Credit guarantee business	Housing loan guarantees Education loan guarantees Card loan guarantees

8. Principal Business Locations

Category	Store name / Company name	Location
The Company	Headquarters	Chiyoda-ku, Tokyo
	Sales Department I, Head Office	Chiyoda-ku, Tokyo
	Sales Department II, Head Office	Chiyoda-ku, Tokyo
	Sapporo Branch	Chuo-ku, Sapporo-shi, Hokkaido
	Sendai Branch	Aoba-ku, Sendai-shi, Miyagi
	Yokohama Branch	Nishi-ku, Yokohama-shi, Kanagawa
	Niigata Office	Chuo-ku, Niigata-shi, Niigata
	Nagoya Branch	Naka-ku, Nagoya-shi, Aichi
	Kanazawa Branch	Kanazawa-shi, Ishikawa
	Osaka Branch	Chuo-ku, Osaka-shi, Osaka
	Hiroshima Branch	Naka-ku, Hiroshima-shi, Hiroshima
	Takamatsu Office	Takamatsu-shi, Kagawa
	Fukuoka Branch	Hakata-ku, Fukuoka-shi, Fukuoka
	Miyazaki Office	Miyazaki-shi, Miyazaki
Subsidiaries	Zenkoku Business Partner, K.K.	Chuo-ku, Tokyo
	AKEBONO Servicer Co., Ltd.	Chiyoda-ku, Tokyo
	Towa Shinyo Hosho Co., Ltd.	Maebashi-shi, Gunma

9. Status of Employees

Number of employees	Increase or decrease from previous fiscal year-end	Average age	Average years of service
257 persons	1 person (increase)	36.4 years	9 years and 3 months

- (Notes) 1. Employees refer to all full-time employees, including three Executive Officers and do not include 17 persons seconded to outside the Company.
 2. Employees do not include 75 contract, part-time, and temporary employees.

10. Principal Counterparties to Borrowings and Amount of Borrowings

Counterparties to borrowings	Loan balance
Syndicated loan	30,000 million yen

(Note) The syndicated loan is a syndicated loan from five banks.

11. Status of Significant Parent Companies and Subsidiaries

- (1) Relationship with Parent Company
 Not applicable.

- (2) Status of Significant Subsidiaries

Company name	Capital	Ownership	Main businesses
Zenkoku Business Partner, K.K.	9 million yen	100%	Contract, entrustment, and agency of clerical operations
AKEBONO Servicer Co., Ltd	516 million yen	100%	Claim management and collection based on the Act on Special Measures Concerning Claim Management and Collection Business
Towa Shinyo Hosho Co., Ltd.	495 million yen	100%	Credit guarantee business

(Note) The Company only has the three subsidiaries above, and they are not subject to consolidation.

- (3) Status of Wholly-owned Specified Subsidiaries as of the end of the fiscal year
 Not applicable.

12. Other Significant Items Regarding Status of the Company

Not applicable.

II Status of Shares (As of March 31, 2020)

1. Total number of shares authorized to be issued 160,000,000 shares

2. Total number of shares outstanding 68,871,790 shares

3. Number of shareholders 30,642 persons

4. Major shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Ownership ratio (%)
Fukoku Mutual Life Insurance Company	6,200,000	9.01
Meiji Yasuda Life Insurance Company	6,200,000	9.01
The Master Trust Bank of Japan, Ltd. (Trust account)	4,310,100	6.26
TAIYO LIFE INSURANCE COMPANY	4,271,000	6.20
Japan Trustee Services Bank, Ltd. (Trust account)	2,996,900	4.35
SMBC Nikko Securities Inc.	1,655,200	2.40
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,151,100	1.67
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,130,900	1.64
SSBTC CLIENT OMNIBUS ACCOUNT	1,089,737	1.58
The Dai-ichi Life Insurance Company, Limited	1,074,800	1.56

(Note) The ownership ratio is calculated after eliminating 423 shares of treasury stock and 83,845 shares held by the Stock Granting Trust (J-ESOP), and fractional figures are rounded down to two decimal places.

5. Other Important Items Regarding Stock

Not applicable.

III Matters Regarding Share Acquisition Rights, etc., of the Company

1. Status of Share Acquisition Rights, etc. Held by Officers of the Company as of the Fiscal Year-end

	First Stock Compensation-type Share Acquisition Rights	Second Stock Compensation-type Share Acquisition Rights	Third Stock Compensation-type Share Acquisition Rights
Date of resolution for issuance	June 20, 2014	June 19, 2015	June 17, 2016
Status of holdings of officers	687 (two persons)	521 (three persons)	671 (three persons)
Directors (excluding Outside Directors)	687 (two persons)	521 (three persons)	671 (three persons)
Outside Directors	—	—	—
Audit & Supervisory Board Members	—	—	—
Type and number of stock for share acquisition rights	6,870 shares of common stock	5,210 shares of common stock	6,710 shares of common stock
Amounts to be paid to exercise share acquisition rights	1 yen per stock	1 yen per stock	1 yen per stock
Exercise period for share acquisition rights	From July 24, 2014 to July 23, 2044	From July 23, 2015 to July 22, 2045	From July 21, 2016 to July 20, 2046
Conditions to exercise share acquisition rights	(Note)	(Note)	(Note)

	Fourth Stock Compensation-type Share Acquisition Rights	Fifth Stock Compensation-type Share Acquisition Rights	Sixth Stock Compensation-type Share Acquisition Rights
Date of resolution for issuance	June 16, 2017	June 15, 2018	June 14, 2019
Status of holdings of officers	542 (three persons)	674 (four persons)	833 (four persons)
Directors (excluding Outside Directors)	542 (three persons)	674 (four persons)	833 (four persons)
Outside Directors	—	—	—
Audit & Supervisory Board Members	—	—	—
Type and number of stock for share acquisition rights	5,420 shares of common stock	6,740 shares of common stock	8,330 shares of common stock
Amounts to be paid to exercise share acquisition rights	1 yen per stock	1 yen per stock	1 yen per stock
Exercise period for share acquisition rights	From July 20, 2017 to July 19, 2047	From July 19, 2018 to July 18, 2048	From July 18, 2019 to July 17, 2049
Conditions to exercise share acquisition rights	(Note)	(Note)	(Note)

(Notes)

Conditions to exercise share acquisition rights

- (i) The holder of share acquisition rights, limited to the period from the day after losing status as a Director until the tenth day after the above date, exercise all share acquisition rights at once.
- (ii) If the holder of share acquisition rights dies, and only if the share acquisition rights are inherited by only one of the original holder's legal heirs (hereinafter "inheritor"), the inheritor may, pursuant to the conditions in each of the following items, exercise share acquisition rights. However, if it is determined that the person has previously committed a significant criminal offense, then that person may not become an inheritor.
 - a. If the inheritor dies, the heirs to the inheritor may not inherit share acquisition rights.
 - b. The inheritor must complete inheritance procedures, as defined by the Company, within 10 months and before the final date of the exercise period as defined in "Exercise period for share acquisition rights" above.
 - c. For a period that is within the "Exercise period for share acquisition rights" above and within two months of completion of inheritance procedures, the inheritor must exercise all share acquisition.

- 2. Status of Share Acquisition Rights, etc., Granted to Employees, etc., During the Term**
Not applicable.
- 3. Other Significant Items Regarding Share Acquisition Rights**
Not applicable.

IV. Company Officers

1. Status of Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

(As of March 31, 2020)

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Eiji Ishikawa	President & Representative Director	
Takashi Yamaguchi	Senior Managing Director General Manager, Operations Headquarters	President & Representative Director, AKEBONO Servicer Co., Ltd.
Yuichi Aoki	Managing Director General Manager, Management Headquarters	Audit & Supervisory Board Member, Zenkoku Business Partner, K.K. President & Representative Director, Towa Shinyo Hosho Co., Ltd.
Keiichi Asada	Director General Manager, Sales Headquarters	
Masahito Kamijo	Director (Outside Director)	Outside Director, Hakuto Co., Ltd.
Yoshiro Nagashima	Director (Outside Director)	Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd.
Mamoru Fujino	Full-time Audit & Supervisory Board Member	
Masaharu Hino	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Attorney Outside Board Member, Wealth Management, Inc.
Yasushi Haneda	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	

- (Notes)
1. Directors Masahito Kamijo and Yoshiro Nagashima are Outside Directors.
 2. Audit & Supervisory Board Members Masaharu Hino and Yasushi Haneda are Outside Audit & Supervisory Board Members.
 3. Audit & Supervisory Board Member Kenichi Meguro retired on December 2, 2019 upon his death.
 4. Audit & Supervisory Board Member Kenichi Meguro had many years of experience at the Ministry of Finance and Financial Services Agency and had knowledge of finance and accounting.
 5. Directors Masahito Kamijo and Yoshiro Nagashima and Audit & Supervisory Board Member Masaharu Hino have been registered as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange.

(2) Status of Compensation to Directors and Audit & Supervisory Board Members

Category	Persons	Total compensation, etc.	Amount of compensation, etc., by type		
			Basic compensation	Bonuses	Stock options
Directors (Of which, Outside Directors)	6 persons (2 persons)	194 million yen (17 million yen)	135 million yen (14 million yen)	28 million yen (3 million yen)	30 million yen (—)
Audit & Supervisory Board Members (Of which, Outside Audit & Supervisory Board Members)	4 persons (2 persons)	44 million yen (14 million yen)	36 million yen (12 million yen)	7 million yen (2 million yen)	— (—)
Total (Of which, Outside Officers)	10 persons (4 persons)	239 million yen (32 million yen)	171 million yen (26 million yen)	36 million yen (5 million yen)	30 million yen (—)

- (Notes)
- At the 26th Annual General Meeting of Shareholders on June 28, 2006, a resolution was adopted to establish an upper limit on compensation to Directors of 50 million yen per month as a fixed compensation limit (excluding compensation as employees concurrently serving as Director), and this amount includes bonuses.
 - At the 26th Annual General Meeting of Shareholders on June 28, 2006, a resolution was adopted to establish an upper limit on compensation to Audit & Supervisory Board Members of 20 million yen per month as a fixed compensation limit, and this amount includes bonuses.
 - At the 34th Annual General Meeting of Shareholders on June 20, 2014, a resolution was adopted to establish an upper limit on compensation in the form of stock options to Directors of 92 million yen per year (excluding compensation as employees concurrently serving as Director).
 - Amounts for stock options are the amounts recorded as expenses for the fiscal year in which the share acquisition rights were issued.
 - The number of persons as of March 31, 2020 is six Directors and three Audit & Supervisory Board Members. The disparity in this number of Audit & Supervisory Board Members and the number listed above is due to the inclusion of one Audit & Supervisory Board Member who retired on December 2, 2019 upon his death.
 - In addition to the above, the amount of compensation Outside Officers received from subsidiaries of the Company as Officers was 4,495 thousand yen.

2. Matters Regarding Outside Officers

(1) Status of Significant Concurrent Positions of Outside Officers

Name	Position	Status of Significant Concurrent Positions
Masahito Kamijo	Outside Director	Outside Director, Hakuto Co., Ltd.
Yoshiro Nagashima	Outside Director	Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd.
Masaharu Hino	Outside Audit & Supervisory Board Member	Attorney Outside Board Member, Wealth Management, Inc.

- (Notes)
- AKEBONO Servicer Co., Ltd. is a wholly-owned subsidiary of the Company.
 - There are no significant transactions or other relationships between the Company and other companies at which concurrent positions are held.

(2) Principal Activities of Outside Officers During the Fiscal Year Under Review

Name	Position	Status of Comments
Masahito Kamijo	Outside Director	Attended all 15 Board of Directors meetings during the fiscal year under review, and primarily utilizing his wealth of experience and high level of knowledge in finance and corporate management, actively asked questions at the Board of Directors meetings, and provided suggestions from a specialist perspective, adequately fulfilling corporate supervision functions.
Yoshiro Nagashima	Outside Director	Attended all 15 Board of Directors meetings during the fiscal year under review, and primarily utilizing his wealth of experience and high level of knowledge in corporate management, actively asked questions at the Board of Directors meetings, and provided suggestions from a specialist perspective, adequately fulfilling corporate supervision functions.
Masaharu Hino	Outside Audit & Supervisory Board Member	Attended all 15 Board of Directors meetings and all 13 Audit & Supervisory Board meetings during the fiscal year under review. At meetings of the Board of Directors and the Audit & Supervisory Board, he made appropriate comments based on his specialized knowledge and experience primarily in judicial affairs. Furthermore, under the audit policies defined by the Audit & Supervisory Board, he conducted audits, etc., of each department, adequately fulfilling audit functions as an Audit & Supervisory Board Member.
Yasushi Haneda	Outside Audit & Supervisory Board Member	Attended all 15 Board of Directors meetings and all 13 Audit & Supervisory Board meetings during the fiscal year under review. At meetings of the Board of Directors and the Audit & Supervisory Board, he made appropriate comments based on his specialized knowledge and experience primarily through his dealings with financial institutions. Furthermore, under the audit policies defined by the Audit & Supervisory Board, he conducted audits, etc., of each department, adequately fulfilling audit functions as an Audit & Supervisory Board Member.

(3) Conflicts of Interest with Outside Officers

The Company does not have any conflicts of interest with Outside Officers concerning personal relationships, capital relationships, transaction relationships, or other relationships. Furthermore, the Company, persons involved in business execution at designated related parties, or Officers (excluding persons involved in business execution) do not have family relationships, transaction relationships, or other relationships that constitute conflicts of interest with Outside Officers.

3. Summary of Liability Limitation Agreements Concluded with Officers

The Company's Articles of Incorporation allows for the limitation of liability of Article 423, Paragraph 1 of the Companies Act, for its Directors and Audit & Supervisory Board Members excluding Executive Directors as stipulated by Article 427, Paragraph 1 of the same Act, and the Company has concluded liability limitation agreements with Messrs. Masahito Kamijo, Yoshiro Nagashima, Masaharu Hino, and Yasushi Haneda. The Company also had concluded the same agreement with Mr. Kenichi Meguro, who retired on December 2, 2019 upon his death.

The limit of liability for Directors and Audit & Supervisory Board Members under the liability limitation agreement is 2 million yen or the lower liability limit stipulated in laws and regulations, whichever is higher.

4. Other Information Regarding Independence of Outside Officers

Concerning criteria for assessing independence of Outside Directors, the Company determines, under the Basic Policy on Corporate Governance, that an Outside Directors is independent when he or she does not contravene the requirements of the Independence Standard stipulated by the Tokyo Stock Exchange.

V. Accounting Auditor

1. Accounting Auditor's Name

Grant Thornton Taiyo LLC

2. Accounting Auditor's Compensation, etc.

	Amount paid
Compensation, etc., for the Accounting Auditor for the fiscal year under review	29 million yen
Total cash and other profits payable by the Company to Accounting Auditor	29 million yen

- (Notes)
1. As a result of confirmation and assessment of the contents of the audit plan for the Accounting Auditor, their performance of duties, and calculation of remuneration estimates, the Audit & Supervisory Board agreed to compensation, etc., for the Accounting Auditor based on their judgment that is reasonable and appropriate in order to maintain and improve audit quality.
 2. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation.

3. Description of Non-Audit Services

Not applicable.

4. Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors

In the event that significant doubt is cast upon the ability of the Accounting Auditor to continue to perform its duties, the Company's policy is for a resolution of the Audit & Supervisory Board to present a proposal to a General Meeting of Shareholders to either terminate or not renew the agreement.

5. Liability Limitation Agreement

Not applicable.

VI. Company's Systems and Policies

1. System to ensure proper execution of business

At a meeting held on May 1, 2006, the Board of Directors decided upon a basic policy toward creating systems to ensure proper execution of business, based on Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for Enforcement of the Companies Act, and most recently, partially revised the basic policy at a meeting held on February 5, 2018.

The contents are as follows.

- (1) System to ensure that Directors' and employees' execution of duties complies with law and regulations and the Articles of Incorporation
 - 1) The Board of Directors and Directors recognize and practice compliance with laws and regulations as a basic principle of all corporate actions based on the Corporate Code of Ethics and Code of Conduct with the basic philosophy of the core principle of compliance with laws and regulations, and ensure officers and employees have a thorough awareness of compliance so that it is established as the corporate culture.
 - 2) The Board of Directors and Directors, in accordance with Compliance Regulations, establish and reinforce compliance systems by means such as the establishment of the General Compliance Department and General Manager in charge of Compliance, and a Compliance Committee, which is a monitoring institution.
 - 3) The Board of Directors and Directors, in accordance with Compliance Regulations, develop a compliance program for each fiscal year, which is a specific implementation plan. In addition, General Compliance Department prepares manuals, etc. for compliance, and enhance effectiveness of compliance by fostering awareness through training, etc.
 - 4) The Board of Directors and Directors, in accordance with the Whistle-blower Regulations, assign third parties as external contact points, in addition to internal contact points. If officers and employees identified material facts concerning compliance, those officers and employees shall take appropriate measures using these contact points.
- (2) System for storage and management of information related to Directors' execution of duties
 - 1) In line with Regulations on the Storage of Documents and related detailed regulations, etc., the Company will record information relating to Directors' execution of duties in document form or as electronic media, and store, manage, and utilize such information in an appropriate manner.
 - 2) Directors and Audit & Supervisory Board Members may consult these records in the form of documents and electronic media at any time.
- (3) Regulations or any other systems for management of risk of loss (risk management)
 - 1) The Board of Directors and Directors, under Risk Management Regulations, establish and reinforce risk management systems by means such as the General Risk Department and General Manager in Charge of Risk Management, and the establishment of a Risk Management Committee, which is a monitoring institution.
 - 2) In order to address each risk intrinsic to our business operation, the Board of Directors and Directors, striking an appropriate balance with return, etc., conduct risk management by quantifying and integrating credit risks, market risks and operational risks (system risk and administrative risk) to compare them with the operational capacity (risk capital) of the Company.
 - 3) Based on the "Regulations for Crisis Management" and "Regulations for Business Continuity," the Company will strive to strengthen and enrich its crisis management structure by thorough implementation of crisis control and efforts to maintain external credit by early recovery of business operations in case of business interruption.
- (4) System to ensure that Directors' execution of duties is efficient
 - 1) In order to establish company-wide targets shared by Directors and employees, the Company clarifies management issues in light of changes in the external and internal environments, and formulates a Medium-term Management Plan for a period of three fiscal years.
 - 2) Based on the Medium-term Management Plan, the Board of Directors and Directors set business results targets and efficient budgets for each business division (branch office) every

- fiscal year, and in order to make functional a PDCA cycle to advance and achieve these goals, appropriate distribution of management resources will be made to each business division according to the basic risks and profitability of operation.
- 3) The status of business execution at each business department (branch office) is reported regularly to the Board of Directors, deliberations are held, and measures are taken as necessary.
 - 4) Regarding monthly business performance, performance against targets is reported to the Board of Directors each month, and in the event that the result differs from the target figure, the reason for the difference is reported and measures to ensure the achievement of targets are discussed.
 - 5) The Director in charge of each business division (branch office) will maintain regulations regarding division of operations and delegation of duties, and while cooperating with each business division (branch office), implement efficient operational management such that control functions are effectively exhibited.
- (5) System to ensure proper business execution within the Company group
- 1) The Company establishes a system concerning reporting to the Company of matters regarding execution of duties by Directors of subsidiaries. Particularly, the Company takes measures to increase the effectiveness of internal control systems at subsidiaries and provides the necessary guidance and support that enable reporting the result of these efforts to the Parent.
 - 2) The Company establishes regulations or any other systems for management of risk of loss at subsidiaries.
 - 3) The Company establishes a system that ensures efficient execution of duties by Directors, etc. of its subsidiaries.
 - 4) The Company establishes a system that ensures execution of duties by Directors, etc. and employees of subsidiaries is in compliance with laws and regulations and the Articles of Incorporations.
- (6) Matters relating to employees assigned to assist Audit & Supervisory Board Members in their duties, in the event that Audit & Supervisory Board Members have requested such employees
- 1) Directors appoint Audit & Supervisory Board Member staff whose duty is to assist Audit & Supervisory Board Members with audits.
 - 2) Employees appointed as Audit & Supervisory Board Member staff focus solely on their duty to assist Audit & Supervisory Board Members with audits.
- (7) Matters relating to the independence of employees assigned to assist Audit & Supervisory Board Members from Directors, and matters relating to ensuring effectiveness of directions to employees assigned to assist Audit & Supervisory Board Members
- 1) Concerning personnel transfers, etc. regarding Audit & Supervisory Board Member staff, the Company hears and respects views of Audit and Supervisory Board Members, and ensure independence from Directors.
 - 2) Audit & Supervisory Board Member staff shall carry out their duties under the direction of Audit & Supervisory Board Member, and do not receive directions from Directors, etc.
- (8) Systems described below and other systems related to reports to Audit & Supervisory Board Members of the Company
- 1) The Company establishes systems to allow Directors and employees to report to Audit & Supervisory Board Members. Especially, a system shall be established that allows matters that have a significant impact on the Company or its subsidiaries and the status of matters that raise suspicions related to compliance to be quickly reported to Audit & Supervisory Board Members.
 - 2) The Company establishes systems to allow Directors, Audit & Supervisory Board Members and employees of subsidiaries or persons that receive reports therefrom to report to Audit & Supervisory Board Members. Especially, a system shall be established that allows Directors or employees of subsidiaries to quickly report to Audit & Supervisory Board Members matters that have a significant impact on the Company or its subsidiaries and the status of matters that raise suspicions related to compliance.

- (9) System to ensure that persons reporting to Audit & Supervisory Board Members not be treated unfavorably because of the report
 - 1) In order to assure reliability of the whistle-blower system, the Company prohibits to treat whistle-blowers that made the report unfavorably, and thoroughly inform Directors and employees to that effect.
- (10) Matters concerning a policy with regard to treatment of costs and liabilities incurred on execution of duties by Audit & Supervisory Board Members
 - 1) Audit & Supervisory Board Members, in accordance with Standards for Audits by Audit & Supervisory Board Members, appropriate a budget for costs that are necessary for their execution of duties in advance. However, Audit & Supervisory Board Members may subsequently request reimbursement for costs incurred in emergent or incidental circumstances.
- (11) Other systems to ensure Audit & Supervisory Board Members' audits are effective
 - 1) The Representative Director regularly holds meetings with Audit & Supervisory Board Members to exchange opinions on matters such as issues that the Company should address, the status of improvement of environment for audit by Audit & Supervisory Board Members, and important audit issues.
 - 2) A three-pronged Auditor Liaison Committee comprised of Audit & Supervisory Board Members, the Internal Auditing Department, and the Accounting Auditor is regularly held to exchange opinions on the results of audits and other businesses.
- (12) System to ensure reliability of financial reporting and to provide such reporting in an appropriate and timely manner
 - 1) The Company provides reliable financial reporting to all stakeholders including shareholders in an appropriate and timely manner, in response to the internal control reporting system regarding financial reporting under the Financial Instruments and Exchange Act.
 - 2) The Company recognizes importance of the role of internal control over financial reporting, and appropriately establishes and operates basic components of internal control (i.e., control environment, risk assessment and response, control activities, information and communication, monitoring, and response to IT).
 - 3) The Company determines a department in charge of related businesses so that internal control over financial reporting works effectively.
- (13) System to eliminate antisocial forces
 - 1) The Company establishes a basic policy and strives to establish an internal consensus for dealing with antisocial forces, in order to prevent the damage caused by so-called antisocial forces, namely groups or individuals that use violence, force, and fraudulent methods in the pursuit of economic gain.
 - 2) The Company ensures Directors and employees have a thorough awareness of the basic policy for dealing with antisocial forces, while also taking a firm stance against antisocial forces and completely forbidding any relationship with such forces.

2. Overview of the status of implementation of systems to ensure proper execution of business

Overview of the status of implementation of systems to ensure proper execution of business is as follows:

- (1) Matters concerning compliance
 - Under the Compliance Regulations, the Company, by developing a compliance program, has held regular internal training sessions, position-based education sessions and periodic testing according to job classes, and has made efforts to ensure thorough understanding and awareness among officers and employees.
 - Compliance Committee has met monthly in principle to monitor the status of implementation of the compliance program, and to discuss and determine important matters concerning compliance to report to the Board of Directors.
 - Under the Whistle-blower Regulations, the Company has set up multiple external contact points such as a law firm, in addition to an internal contact point to reinforce the consulting system.
- (2) Matters concerning risks
 - Risk Management Committee has met monthly in principle to review the status of occurrence of each risk, status of management and status of implementation of risk management system, analyze risks from various viewpoints including an analysis utilizing the comprehensive risk management system, and make reports to the Board of Directors.
 - The Company has formulated Regulations for Crisis Management that stipulate establishment of crisis management headquarters and Regulations for Business Continuity that stipulate the way of business resumption upon the occurrence of events affecting business continuity such as natural disasters, and has established a system for emergency preparedness.
- (3) Matters concerning execution of duties by Directors
 - The Company has appropriately been storing and managing documents related to Directors' execution of duties in accordance with Regulations on the Storage of Documents and related detailed regulations, etc. Such documents have been made available to Directors and Audit & Supervisory Board Members at any time.
 - The Board of Directors has been receiving reports regarding the status of implementation of the business plan for every quarter, and regarding comparison of budget plan and actual results for every month, and has been overseeing efficient execution of duties by Directors. In addition, the Board of Directors has discussed measures to be taken as necessary, in the event that the result differs from the budget plan.
- (4) Matters concerning Audit & Supervisory Board Members
 - In order to facilitate activities of Audit & Supervisory Board Members, the Company has appointed one dedicated Audit & Supervisory Board Member staff whose duty is to assist Audit & Supervisory Board Members with audits. The appointment of the Audit & Supervisory Board Member staff has been decided in consultation with Audit & Supervisory Board Members, and independence has been ensured for such appointment.
 - Full-time Audit & Supervisory Board Members, under the audit policies and plan developed by the Audit & Supervisory Board, have attended important meetings including the meetings of the Board of Directors and the management meetings, and conducted audits of execution of duties by Directors regarding overall management and individual matters, through conducting interviews to, and receiving reports from, each department as necessary. Also monthly meetings have been held among President & Representative Director, Accounting Auditor and the Internal Auditing Department to exchange opinions.

Balance Sheets
(As of March 31, 2020)

(Amount: million yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	204,500	Current liabilities	29,910
Cash and deposits	191,595	Unearned revenue	16,687
Right to reimbursement	13,652	Deposits received	33
Securities	5,731	Accounts payable - other	1,156
Accounts receivable - other	266	Income taxes payable	5,665
Prepaid expenses	52	Provision for bonuses	303
Other	735	Provision for loss on guarantees	5,905
Allowance for doubtful accounts	(7,533)	Provision for shareholder benefit program	126
Non-current assets	168,468	Other	32
Property, plant and equipment	275	Non-current liabilities	198,008
Buildings	231	Long-term borrowings	30,000
Accumulated depreciation	(149)	Long-term unearned revenue	167,944
Vehicles	55	Provision for share-based remuneration	64
Accumulated depreciation	(34)	Total liabilities	227,919
Tools, furniture and fixtures	445	Net assets	
Accumulated depreciation	(277)	Shareholders' equity	144,948
Land	4	Share capital	10,703
Intangible assets	657	Capital surplus	637
Software	609	Legal capital surplus	637
Software in progress	43	Retained earnings	133,832
Other	3	Legal retained earnings	2,055
Investments and other assets	167,535	Other retained earnings	131,777
Investment securities	138,701	Reserve for loss on guarantees	107,300
Shares of subsidiaries and associates	2,023	Retained earnings brought forward	24,477
Long-term loans receivable	2,850	Treasury shares	(225)
Long-term time deposits	19,000	Valuation and translation adjustments	(47)
Long-term prepaid expenses	195	Valuation difference on available-for-sale securities	(47)
Prepaid pension cost	19	Share acquisition rights	148
Deferred tax assets	4,211		
Other	535	Total net assets	145,049
Total assets	372,968	Total liabilities and net assets	372,968

Statements of Income

(April 1, 2019 - March 31, 2020)

(Amount: million yen)

Description	Amount	
Operating revenue		
Income guarantee fee	45,056	
Other income	147	45,203
Operating expenses		
Provision for loss on guarantees	2,547	
Provision of allowance for doubtful accounts	185	
Salaries, allowances and bonuses	1,704	
Provision for bonuses	303	
Depreciation	280	
Other	4,801	9,823
Operating income		35,379
Non-operating income		
Interest income	126	
Interest on securities	910	
Dividend income	157	
Other	55	1,249
Non-operating expenses		
Interest expenses	99	
Commission expenses	752	
Other	17	868
Ordinary income		35,760
Extraordinary losses		
Loss on sales of investment securities	386	
Loss on valuation of investment securities	131	518
Income before income taxes		35,241
Income taxes - current	10,810	
Income taxes - deferred	1	10,811
Net income		24,430

Statements of Changes in Equity

(April 1, 2019 - March 31, 2020)

(Amount: million yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					Reserve for loss on guarantees	Retained earnings brought forward			
Balance at beginning of period	10,703	637	637	2,055	89,200	24,139	115,394	(243)	126,492
Changes of items during period									
Dividends of surplus						(5,991)	(5,991)		(5,991)
Provision of reserve for loss on guarantees					18,100	(18,100)	-		-
Net income						24,430	24,430		24,430
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares								17	17
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	18,100	338	18,438	17	18,455
Balance at end of current period	10,703	637	637	2,055	107,300	24,477	133,832	(225)	144,948

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	388	388	117	126,998
Changes of items during period				
Dividends of surplus				(5,991)
Provision of reserve for loss on guarantees				-
Net income				24,430
Purchase of treasury shares				(0)
Disposal of treasury shares				17
Net changes of items other than shareholders' equity	(435)	(435)	30	(404)
Total changes of items during period	(435)	(435)	30	18,051
Balance at end of current period	(47)	(47)	148	145,049

Independent Auditor's Report
(English Translation)

May 11, 2020

To the Board of Directors
ZENKOKU HOSHO Co., Ltd.

Grant Thornton Taiyo LLC
Tokyo Office
Certified Public Accountant
Designated Limited Liability Partner Kenji Namiki [Seal]
Engagement Partner
Certified Public Accountant
Designated Limited Liability Partner Masaya Ishii [Seal]
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of income, the statements of changes in equity and the related notes, and the related supplementary schedules of ZENKOKU HOSHO Co., Ltd. (the "Company") for the 40th fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Related Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the related supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the related supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Related Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the related supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the related supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the related supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the related supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the related supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the related supplementary schedules in the audit report, or if the notes to the financial statements and the related supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the related supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the related supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the related supplementary schedules including related notes, and whether the financial statements and the related supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Neither Grant Thornton Taiyo LLC nor any of the Engagement Partners has any interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Act.

Audit Report

The Audit & Supervisory Board, upon deliberation, prepared this audit report regarding the Directors' execution of their duties during the 40th fiscal year from April 1, 2019 to March 31, 2020, based on the audit reports prepared by each Audit & Supervisory Board Member and hereby reports as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
 - (1) The Audit & Supervisory Board established audit policies, audit plan, etc. and received reports from all the Audit & Supervisory Board Members regarding the execution of audits and the results thereof. In addition, we requested reports, and explanations as necessary, from Directors, etc. and the Accounting Auditor regarding the execution of their duties.
 - (2) In accordance with the audit policies, established by the Audit & Supervisory Board, and pursuant to audit policies, audit plan, etc., we attempted communication with Directors, the Audit Department, and other employees, etc., and worked to gather information and establish an auditing environment, and carried out audits in the following manner:
 1. We attended the Board of Directors' meetings and other important meetings, received reports from the Directors and other employees, etc. regarding the execution of their duties, requested explanations as necessary, inspected documents, etc., related to important decisions, and examined the operations and assets at the Company's headquarters and principal offices. With regard to the Company's subsidiary, the Audit & Supervisory Board attempted communication with its Directors, Audit & Supervisory Board Members, etc., and received report as necessary from the subsidiary.
 2. With respect to the resolution of the Board of Directors concerning the development of the system to ensure the compliance of Directors with laws, regulations and the Articles of Incorporation in the execution of their duties described in the Business Report and other systems required to ensure the properness of the operations of corporate group consisting of joint stock company (kabushiki-kaisha) and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as well as the system (internal control system) developed based on said resolution of the Board of Directors, we received regular reports regarding the status of implementation and operation thereof from the Directors and other employees, sought explanations as necessary, and expressed opinion thereon.
 3. We monitored and verified whether the Accounting Auditor had maintained its independence and conducted audits appropriately, and received reports, and sought explanations as necessary, from the Accounting Auditor regarding the execution of its duties. The Audit & Supervisory Board received notification from the Accounting Auditor to the effect that "systems for ensuring appropriate execution of duties" (matters listed in each item of Article 131 of the Ordinance on Accounting of Companies) has been established in accordance with "Quality Control Standards for Auditing" (dated October 28, 2005 by Business Accounting Council), etc., and we requested explanations as necessary.

Based on the above, we examined the Business Report and the related supplementary schedules, the financial statements (the balance sheets, the statements of income, the statements of changes in equity, and the notes to financial statements) and the related supplementary schedules for the fiscal year under review.

2. Audit Results
 - (1) Results of Audit of Business Report, etc.
 1. In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
 2. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of laws, regulations or the Articles of Incorporation were found.
 3. We found that the Board of Directors' resolutions concerning the internal control system are appropriate in content. We also found no matters requiring note with respect to the description of the Business Report and the execution of duties by Directors concerning the said internal control

system.

- (2) Results of Audit of Non-consolidated Financial Statements and Related Supplementary Schedules
We found that the methods and the results of the audit conducted by Accounting Auditor, Grant Thornton Taiyo LLC, are appropriate.

May 12, 2020

Audit & Supervisory Board
ZENKOKU HOSHO Co., Ltd.

Full-time Audit & Supervisory Board Member	Mamoru Fujino
Outside Audit & Supervisory Board Member	Masaharu Hino
Outside Audit & Supervisory Board Member	Yasushi Haneda

(Note) Audit & Supervisory Board Member Kenichi Meguro retired on December 2, 2019 upon his death.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

The Company considers profit distribution to its shareholders as one of the important aspects of its business. Its basic dividend policy is to pay stable, continuous cash dividends based on comprehensive consideration of the entire business, while securing internal reserves to maintain a solid financial foundation as a housing loan guarantee company. Under this policy, the Company proposes the following year-end dividends and distribution of surplus for the fiscal year under review.

1. Matters concerning year-end dividends
 - (1) Type of dividend property
Cash
 - (2) Matters concerning the allotment of dividend property and the total amount
95 yen per share of common stock
Total amount of 6,542,779,865 yen
 - (3) Effective date of distribution of surplus
June 22, 2020
2. Other matters concerning the distribution of surplus
 - (1) Item and the amount of surplus to be increased
Reserve for loss on guarantees 17,900,000,000 yen
 - (2) Item and amount of surplus to be decreased
Retained earnings brought forward 17,900,000,000 yen

Proposal No. 2: Election of Seven (7) Directors

The term of office of all six (6) Directors will have expired as of the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company hereby proposes an increase in the number of Outside Directors by one (1) and the election of seven (7) Directors in order to ensure management transparency and further enrichment of corporate governance.

The candidates are as follows:

[Reference] List of candidates for Directors

No.	Name	Current positions and responsibilities at the Company	Category
1	Eiji Ishikawa	President & Representative Director	Reappointment
2	Takashi Yamaguchi	Senior Managing Director General Manager, Operations Headquarters	Reappointment
3	Yuichi Aoki	Managing Director General Manager, Management Headquarters	Reappointment
4	Keiichi Asada	Director General Manager, Sales Headquarters	Reappointment
5	Masahito Kamijo	Director	Reappointment Outside Independent
6	Yoshiro Nagashima	Director	Reappointment Outside Independent
7	Tomoe Imado		New appointment Outside Independent

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1 Reappointment	Eiji Ishikawa (September 20, 1964)	January 1990 Joined the Company February 1997 General Manager, Yokohama Branch April 2002 General Manager, Claims Management Division October 2002 General Manager, Fukuoka Branch June 2003 Executive Officer and General Manager, Fukuoka Branch October 2004 Executive Officer and General Manager, General Affairs Division, Executive Secretary April 2005 Executive Officer and General Manager, Management Headquarters, General Manager, Related Business Division September 2005 Executive Officer and General Manager, Listing Preparation Headquarters, General Manager, Related Business Division June 2006 Director and Managing Executive Officer July 2006 President & Representative Director March 2015 President & Representative Director and General Manager, Management Headquarters June 2015 President & Representative Director (current position)	44,682 shares
<Reasons for nomination as a candidate for Director> Mr. Eiji Ishikawa has appropriately conducted direction and supervision of management as President & Representative Director, and demonstrates ability as a leader of the management team. Additionally, he serves as President, the responsible person for business execution, directs and integrates all corporate business execution, and works to advance the corporate management plan, possessing a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2 Reappointment	Takashi Yamaguchi (January 3, 1970)	<p>November 1995 Joined the Company</p> <p>April 2002 General Manager, Nagoya Branch</p> <p>June 2006 Executive Officer and General Manager, Nagoya Branch</p> <p>April 2007 Executive Officer and General Manager, Head Office</p> <p>February 2009 Executive Officer and General Manager, Corporate Planning Division</p> <p>April 2010 Audit & Supervisory Board Member, Zenkoku Business Partner, K.K.</p> <p>June 2011 Director and General Manager, Operations Headquarters, the Company</p> <p>June 2016 Managing Director and General Manager, Operations Headquarters</p> <p>June 2018 Senior Managing Director and General Manager, Operations Headquarters (current position)</p> <p>December 2018 President & Representative Director, Yutori Servicer Co., Ltd. (currently AKEBONO Servicer Co., Ltd.) (current position)</p> <p>[Responsibilities] Operations Headquarters</p> <p>[Significant concurrent position] President & Representative Director, AKEBONO Servicer Co., Ltd.</p>	26,383 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Takashi Yamaguchi engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, as General Manager, Operations Headquarters, he is working to respond to customer needs and improve efficiency of operations through product planning and development and maintaining a credit evaluation system, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3 Reappointment	Yuichi Aoki (September 10, 1971)	<p>August 2002 Joined the Company</p> <p>June 2011 General Manager, Corporate Planning Division</p> <p>June 2013 Executive Officer and General Manager, Corporate Planning Division</p> <p>December 2014 Audit & Supervisory Board Member, Zenkoku Business Partner, K.K. (current position)</p> <p>June 2015 Director and General Manager, Management Headquarters, General Manager, Corporate Planning Division, the Company</p> <p>June 2018 Managing Director and General Manager, Management Headquarters, General Manager, Corporate Planning Division</p> <p>February 2020 Managing Director and General Manager, Management Headquarters (current position) President & Representative Director, Towa Shinyo Hosho Co., Ltd. (current position)</p> <p>[Responsibilities] Management Headquarters</p> <p>[Significant concurrent position] Audit & Supervisory Board Member, Zenkoku Business Partner, K.K. President & Representative Director, Towa Shinyo Hosho Co., Ltd.</p>	13,267 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Yuichi Aoki engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, as General Manager, Management Headquarters, he is working to strengthen corporate management through refining risk management systems and effective use of personnel that serve as management resources, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4 Reappointment	Keiichi Asada (August 22, 1961)	<p>April 1984 Joined The Nippon Credit Trust Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>July 2013 Executive Officer and General Manager, Kansai Branch, Aozora Bank, Ltd.</p> <p>April 2014 Executive Officer and Head of Business Banking Group</p> <p>July 2016 Director and Vice President, GLION Co., Ltd. Director and Vice Chairman, Hanshin BMW</p> <p>February 2018 Joined the Company Executive Officer and Deputy General Manager, Sales Headquarters</p> <p>June 2018 Director and General Manager, Sales Headquarters (current position)</p> <p>[Responsibilities] Sales Headquarters</p>	510 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Keiichi Asada engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, as General Manager, Sales Headquarters, he is working to expand the business base through cultivating new transaction partners, strengthening relationships with existing transaction partners, and fostering growth of sales representatives, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5 Reappointment Outside Independent	Masahito Kamijo (July 12, 1954)	<p>April 1977 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>June 2006 Representative Director and Managing Executive Officer, Sales Support Headquarters, in charge of Cash Securities Department, Saitama Resona Bank, Limited</p> <p>June 2008 Director and Senior Managing Executive Officer, in charge of Corporate Business Division, Corporate Solutions Sales Division and Public Corporation Division, Resona Bank, Limited</p> <p>June 2009 President & Representative Director, Saitama Resona Bank, Limited Executive Officer, in charge of Group Strategy Division (corporate management of Saitama Resona Bank, Limited), Resona Holdings, Inc.</p> <p>April 2014 Chairman of the Board, Saitama Resona Bank, Limited</p> <p>April 2015 Chairman, Resona Research Institute Co., Ltd.</p> <p>June 2015 Outside Director, Hakuto Co., Ltd. (current position)</p> <p>June 2016 Outside Director, Clarion Co., Ltd.</p> <p>June 2018 Outside Director, the Company (current position)</p> <p>[Significant concurrent position] Outside Director, Hakuto Co., Ltd.</p>	245 shares

<Reasons for nomination as a candidate for Director>

Mr. Masahito Kamijo possesses a wealth of experience and a high level of insights in finance and corporate management through serving as President & Representative Director of major financial institutions, and he provides recommendations and supervision toward decisions on important matters of the Company's management and oversight of business execution as Outside Director. Due to the above, the Company has judged that he will contribute to the further enhancement of the Company's corporate governance, and requests his continued election as Outside Director. Additionally, although Mr. Masahito Kamijo has been the Company's Outside Director since June 2018 and will be in office for approximately two years as of the conclusion of this Annual General Meeting of Shareholders, the Company proposes his continued election in consideration of the fact that he has maintained independence from the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6 Reappointment Outside Independent	Yoshiro Nagashima (April 7, 1952)	<p>April 1975 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2002 Managing Director of Toranomom Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2004 President & Representative Director, Tokyo Diamond Rehabilitation and Servicer Co.,Ltd (currently MU Frontier Servicer Co., Ltd)</p> <p>October 2005 Representative Director and Executive Vice President, MU Frontier Servicer Co., Ltd</p> <p>June 2009 Full-time Corporate Auditor, NIPPON CARBIDE INDUSTRIES CO.,INC.</p> <p>June 2016 Outside Director, KANADEN CORPORATION (current position)</p> <p>June 2018 Outside Director, the Company (current position)</p> <p>December 2018 Audit & Supervisory Board Member, Yutori Servicer Co., Ltd. (currently AKEBONO Servicer Co., Ltd.) (current position)</p> <p>[Significant concurrent position] Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd.</p>	234 shares

<Reasons for nomination as a candidate for Director>

Mr. Yoshiro Nagashima possesses a wealth of experience and wide insights in corporate management through serving as Director and Corporate Auditor of business companies, and he provides recommendations and supervision toward decisions on important matters of the Company's management and oversight of business execution as Outside Director. Due to the above, the Company has judged that he will contribute to the further enhancement of the Company's corporate governance, and requests his continued election as Outside Director. Additionally, although Mr. Yoshiro Nagashima has been the Company's Outside Director since June 2018 and will be in office for approximately two years as of the conclusion of this Annual General Meeting of Shareholders, the Company proposes his continued election in consideration of the fact that he has maintained independence from the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7 New appointment Outside Independent	Tomoe Imado (March 3, 1975)	<p>October 2003 Registered as an attorney Joined Mori Hamada & Matsumoto Law Office</p> <p>April 2008 Joined Ministry of Foreign Affairs as Assistant Manager, Economic Treaties Division, International Legal Affairs Bureau</p> <p>July 2010 Joined Okuno & Partners</p> <p>January 2019 Joined Miura & Partners as Partner (current position)</p> <p>July 2019 Outside Statutory Auditor, OneBe, Inc. (current position)</p> <p>[Significant concurrent position] Partner, Miura & Partners Outside Statutory Auditor, OneBe, Inc.</p>	0 shares

<Reasons for nomination as a candidate for Director>

Ms. Tomoe Imado has been engaged in service at law firms for many years and possesses a wealth of experience and a high level of insights as an attorney. By utilizing these experiences and insights in decisions on important matters of the Company's management and oversight of business execution, the Company has judged that further enrichment of corporate governance will be possible, and requests her election as Outside Director. Although she has had no experience of involvement in corporate management other than as an Outside Audit & Supervisory Board Member, the Company judges that she is capable of appropriately executing the duty of Outside Director for the reasons above.

(Notes)

1. No material conflict of interest exists between the Company and each candidate for Director.
2. Messrs. Masahito Kamijo, Yoshiro Nagashima, and Ms. Tomoe Imado are candidates for Outside Director.
3. Liability limitation agreements with Directors
In order to invite capable individuals as Directors, and to allow them to adequately fulfill their expected duties, the Company has stipulated in its Articles of Incorporation, pursuant to Article 427, Paragraph 1 of the Companies Act, that the Company may conclude agreements with Directors not involved in the execution of business to limit their liabilities for damages caused by their negligence of duties as Directors within a certain range.
Accordingly, the Company has concluded the above agreement with Messrs. Masahito Kamijo and Yoshiro Nagashima. If their reappointments are approved, the Company intends to continue the above agreement with them. Furthermore, if the appointment of Ms. Tomoe Imado is approved, the Company intends to conclude the same agreement with her. The agreements stipulate that the liabilities specified in Article 423, Paragraph 1 of the Companies Act will be limited to the higher of 2.00 million yen or the amount provided by laws and regulations, if they have acted in good faith and without gross negligence in performing their duties.
4. Although Mr. Yoshiro Nagashima had served as Corporate Auditor of NIPPON CARBIDE INDUSTRIES CO., INC. for seven years from June 2009 to June 2016, in December 2016, said company made amendments to the settlement of past fiscal years for the period from the fiscal year ended March 31, 2012 (the second quarter) to the fiscal year ended March 31, 2017 (the first quarter). He did not recognize the fact until inappropriate accounting practices by said company's subsidiary were discovered, but he had previously requested and brought attention to said company for thorough compliance with laws and regulations.
5. Mr. Yoshiro Nagashima serves as Audit & Supervisory Board Member (current position) of AKEBONO Servicer Co., Ltd., the Company's subsidiary.
6. The Company has registered Messrs. Masahito Kamijo and Yoshiro Nagashima as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange. Furthermore, if the appointment of Ms. Tomoe Imado is approved, the Company intends to register her as an Independent Director/Auditor in the same manner.
7. The number of shares held by candidates for Director includes those held by them under the ZENKOKU HOSHO Officer's Shareholding Association.

Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members

The term of office of all three (3) Audit & Supervisory Board Members will have expired as of the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of four (4) Audit & Supervisory Board Members is proposed.

This proposal has received approval from the Audit & Supervisory Board.

The candidates are as follows:

[Reference] List of candidates for Audit & Supervisory Board Members

No.	Name	Current positions and responsibilities at the Company	Category
1	Mamoru Fujino	Full-time Audit & Supervisory Board Member	Reappointment
2	Takafumi Sato		New appointment Outside Independent
3	Hidehiko Suzuki		New appointment Outside Independent
4	Eri Itagaki		New appointment Outside Independent

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1 Reappointment	Mamoru Fujino (September 24, 1956)	<p>April 1980 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>March 2007 Advisor, Mizuho Bank, Ltd. Seconded to Oenon Holdings, Inc. as Full-time Corporate Auditor Seconded to GODO SHUSEI CO., LTD. as Corporate Auditor</p> <p>March 2009 Seconded to Mizuho Capital Co., Ltd. as Full-time Corporate Auditor</p> <p>July 2012 Joined Japan imagination Co. Ltd. as General Manager, Management Headquarters</p> <p>April 2013 Executive Officer and General Manager, Management Headquarters</p> <p>July 2014 Joined Mizuho Business Partner Co., Ltd. as General Manager in charge of Personnel and General Affairs Department</p> <p>April 2015 Joined the Company as Advisor</p> <p>June 2015 Full-time Audit & Supervisory Board Member (current position)</p>	2,573 shares
<p><Reasons for nomination as a candidate for Audit & Supervisory Board Member></p> <p>Mr. Mamoru Fujino possesses a wealth of experience and wide insights through serving in important posts such as Corporate Auditor and audit divisions of large-scale financial institution and business companies for many years, and he is demonstrating audit functions regarding the execution of duties by Directors as Full-time Audit & Supervisory Board Member. The Company has judged that he will continue to contribute to maintaining compliance and internal controls of the Company, and requests his election as Audit & Supervisory Board Member.</p>			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
2 New appointment Outside Independent	Takafumi Sato (May 7, 1950)	<p>April 1973 Joined the Ministry of Finance</p> <p>August 1993 Director, Budget Bureau</p> <p>July 1996 Manager, Special Finance Division, Banking Bureau</p> <p>July 1997 Manager, Planning and Administration Division, Banking Bureau</p> <p>June 1998 Commissioner's Secretariat and Manager, Inspection Coordination Division, the Financial Supervisory Agency (currently the Financial Services Agency)</p> <p>July 1999 Professor, Nagoya University (Economic Research Center, School of Economics)</p> <p>July 2001 Deputy Director-General, Planning and Coordination Bureau, the Financial Services Agency</p> <p>July 2002 Director-General, Inspection Bureau</p> <p>July 2004 Director-General, Supervision Bureau</p> <p>July 2007 Commissioner</p> <p>April 2010 Professor, Graduate School of Commerce and Management, Hitotsubashi University</p> <p>June 2013 President, Tokyo Stock Exchange Regulation (currently the Japan Exchange Regulation)</p>	0 shares
<p><Reasons for nomination as a candidate for Audit & Supervisory Board Member></p> <p>Mr. Takafumi Sato possesses a wealth of experience and a high level of insights, having worked for many years at the Ministry of Finance and the Financial Services Agency and serving in important posts such as Commissioner of the Financial Services Agency. By utilizing these experiences and insights in strengthening management audit functions, the Company has judged that further enrichment of corporate governance will be possible, and requests his election as Outside Audit & Supervisory Board Member. Although he has had no experience of involvement in corporate management, the Company judges that he is capable of appropriately executing the duty of Outside Audit & Supervisory Board Member for the reasons above.</p>			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
3 New appointment Outside Independent	Hidehiko Suzuki (April 30, 1954)	<p>April 1973 Joined the Ministry of Finance</p> <p>July 1996 Finance and Securities Inspector, Administration Section, Financial Inspection Department, Minister's Secretariat,</p> <p>July 1999 Finance and Securities Inspector (Unit 1), Inspection Coordination Division, Inspection Department, Financial Supervisory Agency (currently Financial Services Agency)</p> <p>July 2004 Special Inspector (Unit 1), Inspection Coordination Division, Inspection Bureau, the Financial Services Agency</p> <p>July 2006 Chief Financial Inspector (Unit 4), Inspection Coordination Division</p> <p>July 2007 Inspection Administrator, Financial Division, Kanto Local Finance Bureau, the Ministry of Finance</p> <p>July 2010 Senior Planning Officer, Evaluation Division, Inspection Bureau, the Financial Services Agency</p> <p>July 2011 Chief Financial Inspector (Unit 15), Inspection Coordination Division Deputy Inspection Administrator, Inspection Coordination Division Director for Management of Insurance Monitoring, Insurance Business Division, Supervision Bureau</p> <p>June 2012 Managing Director, Morinomiya Shinkin Bank</p>	0 shares
<p><Reasons for nomination as a candidate for Audit & Supervisory Board Member></p> <p>Mr. Hidehiko Suzuki possesses a wealth of experience and a high level of insights, serving in important posts at the Ministry of Finance and the Financial Services Agency and as a managing director for a financial institution. By utilizing these experiences and insights in strengthening management audit functions, the Company has judged that further enrichment of corporate governance will be possible, and requests his election as Outside Audit & Supervisory Board Member.</p>			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
4 New appointment Outside Independent	Eri Itagaki (September 22, 1960)	<p>April 1983 Joined SUMITOMO CORPORATION February 1988 Joined Arthur Andersen & Company August 1989 Assigned to Arthur Andersen (currently KPMG AZSA LLC) due to corporate separation of Andersen Consulting January 1995 Joined Itagaki C.P.A. & Associates April 1996 Deputy Director, Itagaki C.P.A. & Associates (current position)</p> <p>[Significant concurrent position] Deputy Director, Itagaki C.P.A. & Associates</p>	0 shares
<p><Reasons for nomination as a candidate for Audit & Supervisory Board Member> Ms. Eri Itagaki possesses a wealth of experience and a high level of insights in the accounting field, having worked for many years at a major audit firm and a certified public accountant and tax accountant firm. By utilizing these experiences and insights in strengthening management audit functions, the Company has judged that further enrichment of corporate governance will be possible, and requests her election as Outside Audit & Supervisory Board Member. Although she has had no experience of involvement in corporate management, the Company judges that she is capable of appropriately executing the duty of Outside Audit & Supervisory Board Member for the reasons above.</p>			

(Notes)

1. No material conflict of interest exists between the Company and each candidate for Audit & Supervisory Board Member.
2. Messrs. Takafumi Sato and Hidehiko Suzuki and Ms. Eri Itagaki are candidates for Outside Audit & Supervisory Board Members.
3. Liability limitation agreements with Audit & Supervisory Board Members
In order to invite capable individuals as Audit & Supervisory Board Members, and to allow them to adequately fulfill their expected duties, the Company has stipulated in its Articles of Incorporation, pursuant to Article 427, Paragraph 1 of the Companies Act, that the Company may conclude agreements with Audit & Supervisory Board Members to limit their liabilities for damages caused by their negligence of duties within a certain range.
Accordingly, if the appointments of Messrs. Takafumi Sato, Hidehiko Suzuki and Ms. Eri Itagaki are approved at this Annual General Meeting of Shareholders, the Company intends to conclude the above agreement with them. The agreements stipulate that the liabilities specified in Article 423, Paragraph 1 of the Companies Act will be limited to the higher of 2.00 million yen or the amount provided by laws and regulations, if they have acted in good faith and without gross negligence in performing their duties.
4. If the appointments of Messrs. Takafumi Sato, Hidehiko Suzuki and Ms. Eri Itagaki are approved, the Company intends to register them as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange.
5. The number of shares held by candidates for Audit & Supervisory Board Members includes those held by them under the ZENKOKU HOSHO Officer's Shareholding Association.