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(Securities Code: 8418)

June 4, 2021

Dear shareholders:

Keisuke Mukunashi  
President, Representative  
Director and Group COO  
Yamaguchi Financial Group, Inc.  
2-36, 4-chome Takezaki-cho,  
Shimonoseki, Yamaguchi

## NOTICE OF CONVOCATION OF THE 15<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to notify you that the 15<sup>th</sup> Annual General Meeting of Shareholders of Yamaguchi Financial Group, Inc. (the “Company”) will be held as described below.

In response to the recent situation of the novel coronavirus infection, as a result of careful consideration, we will be holding the General Meeting of Shareholders upon conducting appropriate infection prevention measures.

We would like to ask all our shareholders to exercise their voting rights in advance via internet or in writing as much as possible, and refrain from attending the General Meeting of Shareholders regardless of their physical conditions, from the perspective of preventing the spread of infection.

Please review the Reference Documents for the Annual Meeting of Shareholders (described hereinafter) and exercise your voting rights by 5:30 p.m. on Thursday, June 24, 2021 Japan time, following the instructions described in the next page.

- 1. Date and Time:** 10:00 a.m., Friday, June 25, 2021  
(The reception for attendees begins at 9:00 a.m.)
- 2. Place:** 8F hall, Head Office of Yamaguchi Bank,  
2-36, 4-chome Takezaki-cho, Shimonoseki, Yamaguchi

In order to prevent the spread of infection, we will secure spaces between seats at this General Meeting of Shareholders and so the number of seats available to our shareholders will be significantly smaller than previous years. Therefore, admission may be restricted on the day of the meeting. We may also restrict the admission of shareholders if we determine that the epidemic situation will present a risk to the health of our shareholders. In addition, we would not be giving souvenirs to the attending shareholders this year. Thank you for your understanding and cooperation.

### 3. Agenda:

#### Matters to be reported:

1. The Business Report, the Consolidated Financial Statements for the 15<sup>th</sup> Fiscal Year (from April 1, 2020 to March 31, 2021), and the Audit Report on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. The Non-Consolidated Financial Statements for the 15<sup>th</sup> Fiscal Year (from April 1, 2020 to March 31, 2021)

#### Matters to be resolved:

##### <Company Proposals>

Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Serve as Audit and Supervisory Committee Members)

Proposal 2: Election of Two (2) Directors Who Serve as Audit and Supervisory Committee Members

##### <Shareholder Proposals>

Proposal 3: Remuneration for Directors

Proposal 4: Partial Amendment to the Articles of Incorporation (Disclosure of Individual Executive Remuneration)

Proposal 5: Partial Amendment to the Articles of Incorporation (Improvement of Languages Spoken when Attending to Customers on the Telephone)

Proposals 3 through 5 are proposals submitted by one shareholder. The Board of Directors opposes all of these proposals.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception on the day of the Meeting. Please also bring this Notice of Convocation to the meeting with you for the sake of paper resource saving. In the case of attendance by proxy, please present, to the receptionist at the Meeting, a document evidencing authority of the proxy to act as such, together with the Voting Rights Exercise Form. Please note that such proxy must be one shareholder of the Company entitled to exercise its own voting rights at the Meeting.
  - The following items are posted on the Company website (<https://www.ymfg.co.jp>) in accordance with laws and regulations as well as Article 17 of the Articles of Incorporation of the Company.
    - 1) Matters Concerning the Company's Stock Acquisition Rights, etc. in the Business Report
    - 2) The Notes to the Consolidated Financial Statements
    - 3) The Notes to the Non-Consolidated Financial Statements
  - Any revisions to the Reference Documents for the Annual General Meeting of Shareholders, and Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on the Company website (<https://www.ymfg.co.jp>).

## GUIDANCE ON EXERCISE OF VOTING RIGHTS

We would like to ask all our shareholders to exercise their voting rights in advance via internet or in writing as much as possible, and refrain from attending the General Meeting of Shareholders regardless of their physical conditions, from the perspective of preventing the spread of the novel coronavirus infection.

**1. Exercise of Voting Rights via Internet, etc.**

Please access the website for exercise of voting rights (<https://evote.tr.mufg.jp/>) and follow the on-screen instructions to indicate your approval or disapproval of the proposals by 5:30 p.m. on Thursday, June 24, 2021 Japan time.

**2. Exercise of Voting Rights by Mail**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by 5:30 p.m. on Thursday, June 24, 2021 Japan time.

If you do not indicate any approval or disapproval of the proposals on the said enclosed voting form, the Company shall deem that you have approved these proposals.

**3. Exercise of Voting Rights by Attending the Meeting**

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception on the day of the Meeting.

Date and Time: 10:00 a.m. on Friday, June 25, 2021 Japan time

## GUIDANCE ON EXERCISE OF VOTING RIGHTS VIA INTERNET

### Scanning the QR code

You can log in to the Voting Web Site without entering your log-in ID and provisional password printed in your Voting Rights Exercise Sub-Form.

(1) Please scan the QR code printed on your Voting Rights Exercise Sub-Form (right part).

\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

(2) After scanning the QR code, please follow the on-screen instructions and indicate your approval or disapproval of each proposals.

You may log in by using the QR code only once. In case of exercising your voting rights again, or exercising your voting rights without using the QR code, please confirm “Entering the log-in ID and provisional password” below.

### Entering the log-in ID and provisional password

Voting Web Site (<https://evote.tr.mufg.jp/>)

(1) Access to the Voting Web Site.

(2) Enter your “Log-in ID and provisional password” printed in your Voting Rights Exercise Form, and click “Log in.”

(3) Enter your “New password,” and click “Submit” to register.

(4) Follow the on-screen instructions and indicate your approval or disapproval of each proposals.

[Notes for exercising your voting rights via internet]

■ Shareholders will be responsible for internet connection charges and the communication charges, etc. arising from accessing to voting web site.

■ Voting Right Exercised in Plural Times

- Please be noted in case that a voting right is exercised in both by mail and internet, only internet voting is treated as effective voting irrespective of the arrival date and hour of voting.
- In case that a voting right is exercised by internet more than one time, last voting is treated as effective voting.

Please contact below if you have any inquiries on how to operate your computer, smartphone or mobile phone when exercising your voting rights via internet.

#### CONTACT ON SYSTEM INFORMATION

Help Desk: Security Agency, Mitsubishi UFJ Trust & Banking Corporation

Tel 0120-173-027 (9:00 – 21:00, toll free) (Japan Time)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

## REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and References

#### Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Serve as Audit and Supervisory Committee Members)

The term of office of all seven (7) Directors (here and hereafter with regard to this proposal, excluding Directors who serve as Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect seven (7) Directors.

This proposal was reviewed at the Audit and Supervisory Committee with no objections being raised.

The candidates for Directors are as follows:

Candidate No.	Name	Date of birth	Current position in the Company, etc.	
1	Takeshi Yoshimura	April 3, 1960	Chairman, Representative Director and Group CEO	Reappointment
2	Keisuke Mukunashi	April 11, 1970	President, Representative Director and Group COO	Reappointment
3	Yumiko Nagasawa	November 6, 1959	Director	Reappointment Outside Independent
4	Noriyuki Yanagawa	April 23, 1963	Director	Reappointment Outside Independent
5	Minako Suematsu	March 17, 1968	Director	Reappointment Outside Independent
6	Yuzuru Yamamoto	March 8, 1953	(Director of The Yamaguchi Bank, Ltd.)	New appointment Outside Independent
7	Tomoko Mikami	January 21, 1974	–	New appointment Outside Independent

Reappointment: Reappointed Director candidate

New appointment: Newly appointed Director candidate

Outside: Outside Director candidate

Independent: Independent Director registered with the Stock Exchanges

Candidate No.	<b>Takeshi Yoshimura</b> (Reappointment) (Male, Date of birth: April 3, 1960)	Number of shares of the company owned	18,300 shares
1	Years as a Director	12 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1983	Joined The Yamaguchi Bank, Ltd.	June 2015	Managing Director of the said bank
October 2006	General Manager, Corporate Planning Department of the Company	June 2016	President of the Company
January 2007	General Manager, Corporate Planning Department of the said bank	June 2016	President of the said bank
June 2009	Director of the said bank	June 2017	Director of Momiji Bank, Ltd.
June 2009	Director of the Company	June 2017	Director of The Kitakyushu Bank, Ltd.
June 2011	Managing Director and General Manager, Tokuyama Branch of the said bank	June 2018	Chairman of The Yamaguchi Bank, Ltd. (present position)
June 2012	Managing Director and General Manager, Tokyo Headquarters of the said bank	June 2020	Chairman, Representative Director and Group CEO of the Company (present position)
		(Status of material concurrent position) Chairman of The Yamaguchi Bank, Ltd. (Representative Director)	
[Reasons for selection as candidate for Director] He has served to supervise the overall management of the Company and its subsidiaries (the Group), including banks, as Chairman, Representative Director and Group CEO of the Company and Chairman of The Yamaguchi Bank, Ltd., possessing knowledge and experience required for sound and appropriate operation of the Group, and as the Company has judged that he will continue to appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	<b>Keisuke Mukunashi</b> (Reappointment) (Male, Date of birth: April 11, 1970)	Number of shares of the company owned	8,100 shares
2	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1995	Joined The Yamaguchi Bank, Ltd.	June 2019	Executive Officer of the Company
January 2012	General Manager, Akasakamon Branch of The Kitakyushu Bank, Ltd.	July 2019	Representative Director of YM Career Inc.
September 2013	General Manager, Ogori Branch of The Yamaguchi Bank, Ltd.	June 2020	President, Representative Director and Group COO of the Company (present position)
January 2016	General Manager, Business Potential Assessment Department of the said bank		
June 2017	Representative Director of YMFG ZONE PLANNING CO., LTD.	In charge as:	General Manager, Regional Co-creation Unit
[Reasons for selection as candidate for Director] He has served to supervise the overall management of the Group, as President, Representative Director and Group COO of the Company, possessing knowledge and experience required for sound and appropriate operation of the Group, and as the Company has judged that he will continue to appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	<b>Yumiko Nagasawa</b> (Reappointment) (Outside) (Independent) (Female, Date of birth: November 6, 1959)	Number of shares of the company owned	- shares
3	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1984	Joined The Nikko Securities Co., Ltd.	June 2018	Representative Commissioner and Deputy Chairman of Nippon Association of Consumer Specialists (present position)
July 1997	Vice President, Retail Investment Department of Citibank N.A. (Tokyo)		
June 2000	Vice President, SSB Citi Asset Management Co., Ltd.	June 2018	Commissioner of Japan Industrial Association (present position)
December 2004	Secretary General of Foster Forum (Association for the Development of High Quality Financial Products)	June 2018	Director of The Yamaguchi Bank, Ltd.
June 2018	Facilitator of the said forum (present position)	June 2020	Director of the Company (present position)
(Status of material concurrent position) Facilitator of Foster Forum (Association for the Development of High Quality Financial Products)			
[Reasons for selection as candidate for Outside Director and roles expected] She has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director. She possesses a wealth of experience regarding financial instruments such as establishing a citizen group “Foster Forum (Association for the Development of High Quality Financial Products)” after serving at financial institutions. The Company expects that she will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations toward overall management based on her professional insight as well as the perspective of a citizen, and also further strengthen corporate governance of the Group, and thus requests her election as a Director.			

Candidate No.	<b>Noriyuki Yanagawa</b> (Reappointment) (Outside) (Independent) (Male, Date of birth: April 23, 1963)	Number of shares of the company owned	- shares
4	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1993	Assistant Professor of Faculty of Economics, Keio University	April 2018	Advisor of Sompo Holdings, Inc. (present position)
April 1996	Assistant Professor of Graduate School of Economics, University of Tokyo	June 2020	Director of the Company (present position)
April 2007	Associate Professor of Graduate School of Economics, University of Tokyo (change of organization system)	(Status of material concurrent positions) Professor of Graduate School of Economics, University of Tokyo	
December 2011	Professor of Graduate School of Economics, University of Tokyo (present position)	Director of Sumitomo Mitsui Asset Management Company, Limited	
June 2016	Director of Sumitomo Mitsui Asset Management Company, Limited (present position)	Advisor of Sompo Holdings, Inc.	
[Reasons for selection as candidate for Outside Director and roles expected] He has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director. He specializes in financial contracts, and laws and economics as Professor of Graduate School of Economics, University of Tokyo, and also served as a member of various councils of the Ministry of Economy, Trade and Industry, the Financial Services Agency and the Cabinet Office. Based on his advanced insights specializing in finance and economics, the Company expects that he will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations toward overall management based on his insights, and also further strengthen corporate governance of the Group, and thus requests his election as a Director.			

Candidate No.	<b>Minako Suematsu</b> (Reappointment) (Outside) (Independent) (Female, Date of birth: March 17, 1968)	Number of shares of the company owned	- shares
5	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
March 1993	Established Kapusu, Co., Ltd. Representative Director	January 2020	President of Jinseki Kogen Gakuen (present position)
March 2001	Established News2u Corporation (currently News2u Holdings Corporation) Representative Director (present position)	March 2020	Chairperson & Publisher of The Japan Times, Ltd. (present position)
		June 2020	Director of the Company (present position)
January 2014	Director of TSUNEISHI HOLDINGS CORPORATION	(Status of material concurrent positions)	
April 2017	President of Miroku-no-sato Japanese Language School Of International Culture Institute (present position)	Chairperson & Publisher of The Japan Times, Ltd. Representative Director of News2u Holdings Corporation	
June 2017	Representative Director, Chairman of The Japan Times, Ltd.		
[Reasons for selection as candidate for Outside Director and roles expected]			
<p>She has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director. She has been delivering present conditions of Japan and global trends on a daily basis as Chairperson &amp; Publisher of The Japan Times, Ltd. She also has advanced knowledge about online business development, such as establishing an internet-related business, and is actively working to increase the brand value of her hometown Setouchi area. The Company expects that she will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations on the Company's current initiatives to increase the value of regional communities, and also further strengthen corporate governance of the Group, and thus requests her election as a Director.</p>			



Candidate No.	<b>Yuzuru Yamamoto</b> (New appointment) (Outside) (Independent) (Male, Date of birth: March 8, 1953)	Number of shares of the company owned	– shares
6	Years as a Director	– years	
<b>Brief personal profile, position and principal duty in the Company, and important concurrent positions</b>			
April 1977	Joined Ube Industries, Ltd.	April 2015	President & Representative Director and Group CEO of the said company
June 2003	Executive Officer of the said company		
June 2003	President and Representative Director of Ube Machinery Corporation, Ltd.	April 2019	Chairman of the Board of Directors & Representative Director of the said company
April 2007	Managing Executive Officer of Ube Industries, Ltd.	June 2019	Chairman of the Board of Directors & Director of the said company (present position)
April 2010	Senior Managing Executive Officer of the said company	June 2020	Director of The Yamaguchi Bank, Ltd. (present position)
June 2010	Director & Chairman of the Board of Ube Machinery Corporation, Ltd.		
April 2013	Assistant to President and Group COO of Ube Industries, Ltd.		(Status of material concurrent positions)
June 2013	Representative Director of the said company		Chairman of the Board of Directors & Director of Ube Industries, Ltd. Director of The Yamaguchi Bank, Ltd. (Outside Director)
<p>[Reasons for selection as candidate for Outside Director and roles expected]</p> <p>He has been conducting corporate management supervision of The Yamaguchi Bank, Ltd. from a fair and objective standpoint as an Outside Director. Based on advanced insights and a wealth of experience as a corporate manager fostered by serving as President &amp; Representative Director of Ube Industries, Ltd. and other executive positions, the Company expects that he will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations toward overall management taking into account local economic conditions, etc., and also further strengthen corporate governance of the Group, and thus requests his election as a Director.</p> <p>[Independence of the candidate]</p> <p>With respect to transactional relationships, etc., between Ube Industries, Ltd., where Mr. Yuzuru Yamamoto serves as a business executive, and the Group, as net sales of the said company resulting from transactions with the Group as a proportion of consolidated net sales and income of the Group resulting from transactions with said company and its group companies as a proportion of consolidated ordinary income are each less than 1%, etc., there is no effect on his independence.</p>			

Candidate No.	<b>Tomoko Mikami</b> (New appointment) (Outside) (Independent) (Female, Date of birth: January 21, 1974)	Number of shares of the company owned	– shares
7	Years as a Director	– years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1997	Joined FUJI KEIZAI CO., LTD.	September 2019	Senior Director, Corporate Cloud Sales Management Group Lead of the said company
August 2001	Joined Dell Japan Inc.		
July 2005	Joined Microsoft Japan Co., Ltd.		
March 2007	Joined Microsoft Corporation of U.S.	February 2020	Executive Officer, Corporate Cloud Sales Management Group Lead of the said company
September 2009	General Manager of Corporate Planning Department of Microsoft Japan Co., Ltd.		
August 2012	Regional Account Director of the said company	May 2020	Executive Officer, Corporate Solution Business Group Lead of the said company (present position)
September 2014	Windows & Device Business Group Lead of the said company		
January 2016	Senior Director, Windows & Device Business Group Lead of the said company (subsequently, Microsoft365 Business Group Lead, due to Group reorganization)		(Status of material concurrent position) Executive Officer, Corporate Solution Business Group Lead of Microsoft Japan Co., Ltd.
[Reasons for selection as candidate for Outside Director and roles expected]			
<p>She has been engaged in the promotion of digital transformation (DX) utilizing IT as Executive Officer, Corporate Solution Business Group Lead of Microsoft Japan Co., Ltd., particularly in the DX promotion of local enterprises. The Company expects that she will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations on the Company's current initiatives for providing DX support to client corporations as well as DX within the Company, and also further strengthen corporate governance of the Group, and thus requests her election as a Director.</p>			
[Independence of the candidate]			
<p>With respect to transactional relationships, etc., between Microsoft Japan Co., Ltd., where Ms. Tomoko Mikami serves as a business executive, and the Group, as net sales of the said company resulting from transactions with the Group as a proportion of consolidated net sales and income of the Group resulting from transactions with said company and its group companies as a proportion of consolidated ordinary income are each less than 1%, etc., there is no effect on her independence.</p>			

(Notes)

1. The Group banks have business transactions including deposits and loans with Ube Industries, Ltd., where Mr. Yuzuru Yamamoto serves as Chairman of the Board of Directors & Director.

The Group banks have business transactions with Microsoft Japan Co., Ltd., where Ms. Tomoko Mikami serves as Executive Officer, including purchase of its products and comprehensive alliance regarding the promotion of digital transformation (DX) in the region.

No special interests exist between the Company and other candidates.

2. Mr. Takeshi Yoshimura is scheduled to retire from the position of Chairman (Representative Director) of The Yamaguchi Bank, Ltd. at the conclusion of the Annual General Meeting of Shareholders of the said bank to be held on June 25, 2021.
3. Mr. Yuzuru Yamamoto is scheduled to retire from the position of Outside Director of The Yamaguchi Bank, Ltd. at the conclusion of the Annual General Meeting of Shareholders of the said bank to be held on June 25, 2021.
4. The Company has registered Ms. Yumiko Nagasawa, Mr. Noriyuki Yanagawa and Ms. Minako Suematsu as Independent Directors as provided for the rules of Tokyo Stock Exchange, Inc. If they are elected at this Annual General Meeting of Shareholders, they are planned to remain in office as Independent Directors. In addition, if Mr. Yuzuru Yamamoto and Ms. Tomoko Mikami are elected at this Annual General Meeting of Shareholders, the Company will register them as Independent Directors respectively as provided for the rules of Tokyo Stock Exchange, Inc.
5. With respect to liabilities of Article 423, Paragraph 1 of the Companies Act, as defined in the Articles of Incorporation, the Company may conclude liability limitation agreements with Directors (excluding Executive Directors) to limit their liability for damages to the minimum limit for liability as stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties were performed in good faith and without gross negligence. The Company has concluded said liability limitation agreement with Ms. Yumiko Nagasawa, Mr. Noriyuki Yanagawa and Ms. Minako Suematsu, and if their election is approved at this Annual General Meeting of Shareholders, the Company plans to continue said liability limitation agreement with them. In addition, if Mr. Yuzuru Yamamoto and Ms. Tomoko Mikami are elected at this Annual General Meeting of Shareholders, the Company will conclude said liability limitation agreement with them respectively.
6. The Company has concluded a Directors and Officers liability insurance contract stipulated in Article 430-3 of the Companies Act insuring all its Directors. If each of the candidates is elected as Director at this Annual General Meeting of Shareholders, they will be insured under the insurance contract. The insurance contract covers damages incurred by Directors arising from legal liability assumed when executing their duties. The Company will renew the insurance contract in July 2021, during the terms of office of each of the candidates.

**Proposal 2: Election of Two (2) Directors Who Serve as Audit and Supervisory Committee Members**

The terms of office of Directors who serve as Audit and Supervisory Committee Members Mr. Kazuo Tsukuda and Mr. Michiaki Kunimasa will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that two (2) Directors who serve as Audit and Supervisory Committee Members be elected. This proposal has received the approval of the Audit and Supervisory Committee.

The proposal was reviewed by each Director who serves as Audit and Supervisory Committee Member with no objections being raised.

The candidates for Directors who serve as Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Date of birth	Current position in the Company, etc.
1	Kazuo Tsukuda	September 1, 1943	Director, Audit and Supervisory Committee Member Reappointment Outside Independent
2	Michiaki Kunimasa	July 12, 1943	Director, Audit and Supervisory Committee Member Reappointment Outside Independent

Candidate No.	<b>Kazuo Tsukuda</b> (Reappointment) (Outside) (Independent) (Male, Date of birth: September 1, 1943)	Number of shares of the company owned	– shares
1	Years as a Director	6 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
March 1968	Joined Mitsubishi Heavy Industries Ltd.	June 2015	Director, Audit and Supervisory Committee Member of the Company (present position)
June 1999	Director of the said company		
April 2002	Managing Director of the said company		
June 2003	President of the said company	June 2019	Executive Corporate Advisor of Mitsubishi Heavy Industries Ltd. (present position)
April 2008	Chairman of the Board of the said company		
April 2013	Director and Advisor of the Board of the said company		
June 2013	Advisor of the said company	(Status of material concurrent positions)	
June 2013	Audit and Supervisory Board Member of the Company	Executive Corporate Advisor of Mitsubishi Heavy Industries Ltd. Director of Mitsubishi Research Institute, Inc. (Outside Director) Member of the Board of Fanuc Corporation (Outside Director)	
<p>[Reasons for selection as candidate for Outside Director who serves as Audit and Supervisory Committee Member and roles expected]</p> <p>He has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director who serves as Audit and Supervisory Committee Member. Based on advanced insights and a wealth of experience as a corporate manager fostered by serving as President of Mitsubishi Heavy Industries Ltd. and other executive positions, the Company expects that he will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations toward overall management, and also further strengthen corporate governance of the Group, and thus requests his election as a Director who serves as Audit and Supervisory Committee Member.</p> <p>[Independence of the candidate]</p> <p>With respect to transactional relationships, etc., between Mitsubishi Heavy Industries Ltd., where Mr. Kazuo Tsukuda served as a business executive, and the Group, as net sales of the said company resulting from transactions with the Group as a proportion of consolidated net sales and income of the Group resulting from transactions with said company and its group companies as a proportion of consolidated ordinary income are each less than 1%, etc., there is no effect on his independence.</p>			

Candidate No.	<b>Michiaki Kunimasa</b> (Reappointment) (Outside) (Independent) (Male, Date of birth: July 12, 1943)	Number of shares of the company owned	– shares
2	Years as a Director	6 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1972	Registered with Nagoya Bar Association	June 2014	Audit and Supervisory Board Member of the Company
March 1974	Registered with Hiroshima Bar Association	June 2015	Director, Audit and Supervisory Committee Member of the Company (present position)
April 1984	Vice President of Hiroshima Bar Association (Retired in March 1985)		
April 1998	Governor of Japan Federation of Bar Associations (Retired in March 1999)		
April 1998	President of Chugoku Federation of Bar Associations (Retired in March 1999)		
	President of Hiroshima Bar Association (Retired in March 1999)	(Status of material concurrent position)	Lawyer at Kunimasa Law Office
[Reasons for selection as candidate for Outside Director who serves as Audit and Supervisory Committee Member and roles expected]			
<p>He has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director who serves as Audit and Supervisory Committee Member. Based on a wealth of experience and professional knowledge as a lawyer, the Company expects that he will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations, and also further strengthen corporate governance of the Group, and thus requests his election as a Director who serves as Audit and Supervisory Committee Member.</p>			
[Independence of the candidate]			
<p>As Mr. Michiaki Kunimasa does not have any contractual relationship as a legal counsel with the Company and he does not receive any money, etc. other than the remuneration for Directors, there is no risk of conflict of interest with general shareholders.</p>			

(Note)

- The Group banks have business transactions including deposits and loans with Mitsubishi Heavy Industries Ltd., where Mr. Kazuo Tsukuda serves as Executive Corporate Advisor. Also, the Group banks have business transactions including deposits and loans with Mr. Kazuo Tsukuda.
- No special interests exist between Mr. Michiaki Kunimasa and the Company.
- The Company has registered Mr. Kazuo Tsukuda and Mr. Michiaki Kunimasa as Independent Directors as provided for the rules of Tokyo Stock Exchange, Inc. If they are elected at this Annual General Meeting of Shareholders, they are planned to remain in office as Independent Directors.
- With respect to liabilities of Article 423, Paragraph 1 of the Companies Act, as defined in the Articles of Incorporation, the Company may conclude liability limitation agreements with Directors (excluding Executive Directors) to limit their liability for damages to the minimum limit for liability as stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties were performed in good faith and without gross negligence. The Company has concluded said liability limitation agreement with Mr. Kazuo Tsukuda and Mr. Michiaki Kunimasa, and if their election is approved at this Annual General Meeting of Shareholders, the Company plans to continue said liability limitation agreement with them.
- The Company has concluded a Directors and Officers liability insurance contract stipulated in Article 430-3 of the Companies Act insuring all its Directors. If each of the candidates is elected as Director at this Annual General Meeting of Shareholders, they will be insured under the insurance contract. The insurance contract covers damages incurred by Directors arising from legal liability assumed when executing their duties. The Company will renew the insurance contract in July 2021, during the terms of office of each of the candidates.

### <Shareholder Proposals (From Proposal 3 through Proposal 5)>

Proposal 3 through Proposal 5 are proposals submitted by one shareholder (who holds 3,759 units of voting rights).

Details of the proposals and reasons for making them notified from the shareholder are described below as they appear in the original text, except for some corrections that were made with prior consent of the proposing shareholder primarily for the purpose of clarifying the contents of proposals.

The Board of Directors **opposes** all of these proposals as stated below:

#### **Proposal 3: Remuneration for Directors**

##### 1. Details of proposal

To triple the remuneration for Representative Directors.

##### 2. Reason for proposal

In the past, a former President, Representative Director of the Company served as the chairman of a general incorporated association. At that time, the president and some other directors of the association received a court order for payment over receiving a discount for playing golf at a golf course operated by the association. The Court pointed out that it was a “conflict-of-interest transaction” for the directors and the association.

As a shareholder, the fact that such an incident is brought before the court itself is quite shameful, awkward and embarrassing. The case must have occurred because the regular golf playing fee was too expensive to afford for the then President. Thus, the Company should pay remuneration three times higher than the current amount so as to avoid such an action at court over unpaid golf playing fees.

#### **[Opinion of the Board of Directors of the Company]**

**Opposition:** The Board of Directors **opposes** this proposal due to the following reasons.

An increase in the amount of remuneration for Directors shall take place as a way to evaluate the execution of their duties, such as improving performance and enhancing corporate value, and therefore it is deemed inappropriate to increase the amount of remuneration for Representative Directors based on the reasons for this proposal.

#### **Proposal 4: Partial Amendment to the Articles of Incorporation (Disclosure of Individual Executive Remuneration)**

##### 1. Details of proposal

It is proposed that a provision be added to the Articles of Incorporation to make it obligatory to disclose remuneration of Directors in the business report and annual securities report every year, in terms of individual amounts and details, along with all of the amounts individually evaluated on a Japanese Yen basis.

##### 2. Reason for proposal

Disclosure of the amounts and contents of individual executive remuneration is very important for shareholders to check whether appropriate remuneration was paid out from the perspective of maximizing shareholder interest. Disclosure of individual remuneration is common in the capital markets in advanced countries other than Japan, and no major inconvenience has occurred for shareholders due to the disclosure. Moreover, stock indexes of these capital markets have been generating returns way higher than the average stock prices in Japan for the past 20 years.

Generally, the real issue of executive remuneration in Japan is not their expensive amounts, but their systems unrelated to mid- to long-term shareholder value. Disclosure of individual remuneration would further facilitate cost-effectiveness measurement.

#### **[Opinion of the Board of Directors of the Company]**

**Opposition:** The Board of Directors **opposes** this proposal due to the following reasons.

Policy for the determination of the amounts of Directors’ remuneration and a calculation method thereof have been determined by the Board of Directors of the Company, within the maximum amount as resolved by a General Meeting of Shareholders, and after deliberation by the Compensation Committee chaired by an Outside Director (all of its nine members are Outside

Directors, including Outside Directors of the Group banks). Directors' remuneration consists of basic compensation, performance-linked compensation and stock-based compensation, while Outside Directors and Directors who serve as Audit and Supervisory Committee Members, who are charged with supervisory functions, receive only basic compensation, in light of their duties.

Individual amounts of basic compensation for Directors are resolved by the Board of Directors upon receiving advice from the Compensation Committee. Regarding individual amounts of performance-linked compensation for Directors, the Board of Directors consults with and receives advice from the Compensation Committee regarding the upper limit of compensation and the allocation amounts based on positions. Based on resolution of the Board of Directors, the Group CEO is delegated the authority to determine the respective amounts within the range of allocations according to the positions of Directors. For stock-based compensation, number of points to be granted to each Director is calculated based on an executive stock provision rule predetermined by the Board of Directors by taking into account the Compensation Committee's advice.

With regard to disclosure, the Company appropriately discloses the policy for the calculation method of Directors' remuneration, total amount of remuneration by executive category, and the number of persons eligible for payment in the business report and annual securities report in accordance with laws and regulations. Therefore, it is possible for shareholders to confirm and evaluate the contents of our policy for determining Directors' remuneration, etc. and appropriateness of the payment of remuneration to Directors based on the policy, and we believe that information on executive remuneration is disclosed sufficiently.

Therefore, it is unnecessary to add the proposed provision to the Articles of Incorporation.

**Proposal 5: Partial Amendment to the Articles of Incorporation (Improvement of Languages Spoken when Attending to Customers on the Telephone)**

1. Details of proposal

To ban languages and telephone conversation that are rude to customers.

2. Reason for proposal

Despite the fact that the Group companies of the Company have long been charging clients expensive commissions (the proposer would give up on the Company immediately if their financial instruments are replaceable with those offered by other companies), the way in which their staff attend to customers is unpleasant, with their sentences ending with "of course" which may sound arrogant, and even hanging up the phone unilaterally without so much as a greeting when I called the Company's headquarters. They should go and learn proper greeting and languages from *maiko* dancers in Kyoto or from hostess ladies in Ginza, Tokyo.

Aren't customers who are shareholders the most important existence for a company? The employees should give much thought to the fact that for a brokerage company, their salaries, pensions and welfare expenses are all supported by the commissions paid by customers, and for a banking company, by the margin from interest-rate differences.

**[Opinion of the Board of Directors of the Company]**

**[Opposition]:** The Board of Directors **opposes** this proposal due to the following reasons.

The Articles of Incorporation should stipulate basic principles concerning the operation of a company and it is inappropriate to provide the matters proposed in the Articles of Incorporation.

The Company has been implementing initiatives for improving the quality of customer service. The Company takes the matters pointed out in the reason for proposal seriously and will stay committed to initiatives for improving customer satisfaction.

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