These documents are partial translations of the Japanese originals for reference purposes only.
In the event of any discrepancy between these translations and the Japanese originals, the originals shall prevail. The Bank assumes no responsibility for the translations or for any other damages arising, directly or indirectly, from the translations.

(Securities Code: 8359)
May 31, 2024
(Commencement date of measures for electronic provision: May 30, 2024)

To Shareholders with Voting Rights:

Masaki Matsushita
President
The Hachijuni Bank, Ltd.
178-8, Okada,
Nagano-city, Japan

NOTICE OF CONVOCATION OF THE 141ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

The 141st Annual General Meeting of Shareholders of The Hachijuni Bank, Ltd. (the "Bank") shall be held for the purposes described below.

The Bank has taken measures for electronic provision of the Reference Documents for this General Meeting of Shareholders, etc.*1, which are posted on the Internet on the following websites under the titles, "Notice of Convocation of the 141st Annual General Meeting of Shareholders" and "Other Matters Subject to Measures for Electronic Provision"*2. The Reference Documents for this General Meeting of Shareholders, etc. are uniformly sent in a paper-based form, regardless of whether or not shareholders requested the delivery of paper-based documents.

*1. Measures for electronic provision refer to the system under which, in lieu of the traditional system of sending paper-based materials, a notice stating the addresses of the websites on which materials for general meetings of shareholders are posted is sent to shareholders so that they themselves will access the websites to see those materials.

*2. Details on "Other Matters Subject to Measures for Electronic Provision" are described on page 3.

The Bank's website: https://www.82bank.co.jp/ir/kabushiki/soukai.html

In addition to the above website, the Bank has also posted this Reference Documents for this General Meeting of Shareholders, etc. on the website of the Tokyo Stock Exchange ("TSE"). Please access the following TSE's website (TSE Listed Company Search), enter and search for "The Hachijuni Bank" under "Issue name (company name)" or enter and search for "8359" (one-byte number) under Securities "Code," select "Basic information" and "Documents for public inspection / PR information" in that order to see the Reference Documents, etc.

TSE's website: https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show*

If you are unable to attend the meeting, you can exercise your voting rights via the Internet or mail. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by Thursday, June 20, 2024 at 5:00 p.m., Japan time.

1. **Date and Time:** Friday, June 21, 2024 at 10:00 a.m., Japan time
(Reception opening time: 9:00 a.m.)

2. **Place:** Main Conference Room, 3F, Head Office of the Bank
178-8, Okada, Nagano-city, Japan

3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report and Non-consolidated Financial Statements for the Bank's 141st Fiscal Year (from April 1, 2023 to March 31, 2024)
2. Consolidated Financial Statements for the Bank's 141st Fiscal Year (from April 1, 2023 to March 31, 2024) and results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board

Proposals to be resolved:

[Company Proposals]

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation (Change of Trade Name)
Proposal No. 3: Election of Two (2) Directors
Proposal No. 4: Election of Two (2) Company Auditors
Proposal No. 5: Revision of the Details of Compensation, etc. for Directors (Performance-linked Compensation for Directors)
Proposal No. 6: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

[Shareholder Proposals]

Proposal No. 7: Partial Amendments to the Articles of Incorporation (Transition to Domestic Standard Bank)
Proposal No. 8: Partial Amendments to the Articles of Incorporation (Sale of Cross-held Shares)
Proposal No. 9: Partial Amendments to the Articles of Incorporation (Verification of the Objective of Cross-shareholdings and Disclosure of Results)
Proposal No. 10: Partial Amendments to the Articles of Incorporation (Disclosure of Compensation for Directors on an Individual Basis)
Proposal No. 11: Appropriation of Surplus
Proposal No. 12: Acquisition of Treasury Stock

4. Guidance for Exercise of Voting Rights

(1) Handling of multiple voting

If you vote both in writing on the Voting Form and via the Internet, only the vote via the Internet will be valid. In addition, if you submit your vote multiple times via the Internet, only the last vote will be valid.

(2) Voting by proxy

You may designate one (1) shareholder of the Bank as your proxy who possesses voting rights to attend the General Meeting of Shareholders. Please note that the proxy will be required to submit his or her own Voting Form and documentation corroborating his or her status as your proxy.

(3) If you have failed to indicate approval or disapproval of each proposal in the Voting Form, you shall be deemed to have indicated approval for company proposals and disapproval for shareholder proposals therein.

- Regarding "Other Matters Subject to Measures for Electronic Provision"

"Other Matters Subject to Measures for Electronic Provision" includes the following matters. They are not included in this Notice but are to be found on the Bank's and TSE's websites in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Bank;

(1) "Stock Acquisition Rights," "Basic Policies Regarding Parties Controlling the Determination of Financial and Business Policies," "Systems for Ensuring the Appropriateness of Business Activities," "Matters Regarding Specified Wholly-Owned Subsidiaries," "Matters Regarding Transactions between a Stock Company and its Parent Company, etc.," and "Others" of the Business Report

(2) "Statement of Changes in Shareholders' Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

(3) "Consolidated Statement of Changes in Shareholders' Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements

The Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Auditors include the above (1) to (3) in addition to those attached to the Japanese version of this Notice.

The Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Independent Auditor include the above (2) and (3) in addition to those attached to the Japanese version of this Notice.

- If the need arises for the revision of any matters subject to measures for electronic provision, the revised matters will be posted on each of the designated websites of the Bank and TSE.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

It is proposed that the appropriation of surplus shall be proposed as follows.

Year-end dividends

The Bank's basic policy is to implement the active return of profits to shareholders with a minimum dividend of 5.00 yen per share and through the acquisition of treasury stock.

Based on this policy, the Bank proposes year-end dividends of 14.00 yen per share. Combined with the interim dividend of 10.00 yen per share, total full-year dividends will be 24.00 yen per share.

1. Type of dividend property
   Cash
2. Allotment of dividend property to shareholders and the total amount
   14.00 yen per share of common stock, for a total of 6,752,820,998 yen
3. Effective date of distribution
   June 24, 2024

Proposal No. 2: Partial Amendment to the Articles of Incorporation (Change of Trade Name)

1. Reasons for amendments

(1) Subject to obtaining approval by relevant authorities, etc., the Bank plans to conduct a merger on January 1, 2026 (hereinafter referred to as the "Merger") and change its trade name associated with the Merger.

(2) The Merger is, for the Bank, a simple absorption-type merger stipulated in Article 796, Paragraph 2 of the Companies Act, and for THE NAGANO BANK,LTD., a informal absorption-type merger stipulated in Article 784, Paragraph 1 of the same act. Therefore, the both mergers will be implemented without obtaining approval related to a merger agreement of the general meeting of shareholders.

(3) The Partial Amendments to the Articles of Incorporation related to this change of trade name shall become effective on the date when the Merger becomes effective (scheduled on January 1, 2026.)

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Trade Name) Article 1 The name of the Bank shall be <u>Kabushiki Kaisha Hachijuni Ginko</u>, and in English it shall be <u>The Hachijuni Bank, Ltd.</u>	(Trade Name) Article 1 The name of the Bank shall be <u>Kabushiki Kaisha Hachijuni Nagano Ginko</u>, and in English it shall be <u>The Hachijuni Nagano Bank, Ltd.</u>

Proposal No. 3: Election of Two (2) Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of two (2) Directors, namely, Kayo Tashita and Takayuki Kanai will expire. Accordingly, the following two (2) candidates are proposed to be elected as Directors.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career Summary
(Positions, responsibilities at the Bank and significant concurrent positions)</th><th>Number of shares of the Bank held</th></tr>
<tr><td rowspan="2">1</td><td>To be reappointed
Outside Director
Independent Director

Kayo Tashita
(Apr. 2, 1963)
Age: 61
Female

Attendance at Board of Directors meetings:
14 / 14 (100%)</td><td>Apr. 1990 Registered as an attorney at law (Nagano Bar Association)
Apr. 1991 Employed by Miyazawa Law Office
Apr. 1996 Established Tashita Law Office
Oct. 2007 Committee Member, Nagano Prefecture Personnel Committee (retired in Oct. 2023)
Apr. 2014 Chairperson, Nagano Bar Association (retired in March 2015)
Jun. 2016 Director, the Bank
Apr. 2024 Vice President, Japan Federation of Bar Associations to the present</td><td>12,097 shares</td></tr>
<tr><td colspan="3">[Reasons for selection as a candidate and expected roles]
Ms. Kayo Tashita possesses high specialization and wealth of experience in corporate law as an attorney at law and is fulfilling her duties as an Outside Director appropriately by providing supervision and advice to the management of the Bank from an independent standpoint. Although Ms. Tashita has not previously participated in corporate management, the Bank has judged that she will continue to contribute to the management of the Bank through her such high specialization and wealth of experience and has thus selected her as a candidate for Outside Director. After Ms. Tashita is elected, the Bank expects that she will provide supervision and advice on the operation of the Bank’s business execution from an expert perspective, especially in the legal field. The Bank also plans to enlist Ms. Tashita to serve as a member of the Nominating and Compensation Committee and be involved in the selection of executive candidates and decisions on executive remuneration of the Bank from an independent standpoint.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career Summary
(Positions, responsibilities at the Bank and significant concurrent positions)</th><th>Number of shares of the Bank held</th></tr>
<tr><td rowspan="2">2</td><td>To be reappointed
Outside Director
Independent Director

Takayuki Kanai
(Apr. 16, 1959)
Age: 65
Male

Attendance at Board of Directors meetings:
14 / 14 (100%)</td><td>Apr. 1982

Oct. 2008

Oct. 2010

Mar. 2012
Mar. 2017

Jun. 2020

Jun. 2022</td><td>Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
Executive Officer, The Nippon Credit Bank, Ltd. (retired in September 2010)
Joined Nishimoto Trading Co., Ltd.; Senior Managing Director
President, Nishimoto Trading Co., Ltd.
President & COO, Nishimoto Co., Ltd. (retired in March 2020)
Outside Director, KAMEDA SEIKA CO., LTD. (current position)
Director, the Bank
to the present</td><td>1,644 shares</td></tr>
<tr><td colspan="4">[Reasons for selection as a candidate and expected roles]
Mr. Takayuki Kanai successfully has served as Executive Officer of Aozora Bank Ltd. and President & COO of Nishimoto Co., Ltd., and so on and possesses a wealth of knowledge. The Bank has judged that Mr. Kanai has also fulfilled his duties as an Outside Director appropriately and will continue to contribute to the management of the Bank and has thus selected him as a candidate for Outside Director. After Mr. Kanai is elected, the Bank expects that he will provide supervision and advice on the operation of the Bank's business execution from an expert perspective, especially in the corporate management and governance fields. The Bank also plans to enlist Mr. Kanai to serve as a member of the Nominating and Compensation Committee and be involved in the selection of executive candidates and decisions on executive remuneration of the Bank from an independent standpoint.</td></tr>
</table>

(Notes)

1. Although Ms. Kayo Tashita and Mr. Takayuki Kanai have deposit accounts with the Bank and engage in ordinary transactions, there should be no impact on judgements by shareholders and investors as they have satisfied the requirements for Independent Directors stipulated by the Tokyo Stock Exchange and the Standards for Determining Independence prescribed by the Bank (page 12) in light of the scale of transactions to the Bank's deposits and their nature.
2. Other than 1 above, there are no special interest relationships between the candidates for Director and the Bank.
3. The Bank has entered into a directors and officers liability insurance contract as outlined below and plans to renew it on December 25, 2024. The candidates for Director will be covered by the contract if they are elected.

   [Outline of directors and officers liability insurance contract]

   (i) Actual ratio of premiums paid by the insured person.

   The premiums are paid by the Bank including for riders. The insured person does not bear the actual premiums.

   (ii) Outline of insured events

   The contract, together with riders, will cover any damages, litigation costs, and other outlays that may arise due to the insured directors and officers assuming liability for the execution of their duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

   (iii) Measures to prevent appropriateness of directors' and officers' duties from being undermined

   The insurance contract provides for exemption of liability in certain amount, below which damages are not covered.
4. Ms. Kayo Tashita and Mr. Takayuki Kanai are candidates for Outside Directors. Additionally, the Bank has designated them as Independent Directors under regulations of the Tokyo Stock Exchange and made a submission to designate them as such to the aforementioned Exchange.
5. Ms. Kayo Tashita has served as Outside Director of the Bank since June 2016, and her term will have been eight years as of the conclusion of this General Meeting of Shareholders.
6. Mr. Takayuki Kanai has served as Outside Director of the Bank since June 2022, and his term will have been two years as of the conclusion of this General Meeting of Shareholders.
7. Under Article 29 of the current Articles of Incorporation, the Bank has executed an agreement with Ms. Kayo Tashita and Mr. Takayuki Kanai to limit their liability for damages to the minimum liability amount to the extent that they have acted in good faith without gross negligence during the course of their duties. (See Article 423, Paragraph 1 and Article 425, Paragraph 1 of the Companies Act.) The Bank plans to continue the said agreement when they are reappointed as Outside Directors.
8. Other than those provided above, there are no items required to be disclosed concerning the proposal to elect Directors as defined under Article 74 of the Ordinance for Enforcement of the Companies Act.
9. The ages of the candidates are as of the date of this General Meeting of Shareholders to be held.

Proposal No. 4: Election of Two (2) Company Auditors

At the conclusion of this General Meeting of Shareholders, the terms of office of two (2) Company Auditors, namely, Chishu Minemura and Kiyohito Yamasawa, will expire. Accordingly, the following two (2) candidates are proposed to be elected as Company Auditor Members. This proposal has received approval from the Board of Company Auditors.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career Summary
(Positions at the Bank and significant concurrent positions)</th><th>Number of shares of the Bank held</th></tr>
<tr><td rowspan="2">1</td><td>To be reappointed

Chishu Minemura
(Mar. 28, 1966)
Age: 58
Male

Attendance at Board of Directors meetings:
14 / 14 (100%)
Attendance at Board of Company Auditors meetings:
14 / 14 (100%)</td><td>Apr. 1988
Feb. 2009

Jun. 2020</td><td>Joined the Bank
Senior Deputy General Manager, Komoro Branch, then became General Manager, Iidaekimae Branch, General Manager, International and Treasury Department, General Manager, Risk Management Department
Fulltime Company Auditor
to the present</td><td>14,750 shares</td></tr>
<tr><td colspan="4">[Reasons for selection as a candidate]
Mr. Chishu Minemura possesses a wealth of operational experience from involvement in business, international and risk management divisions and so on and is well versed in the operations of the Bank. He has served as a Fulltime Company Auditor of the Bank from 2020 and fulfilled his duties and responsibilities appropriately. The Bank has judged that he will continue to be capable of providing management supervision functions through his wealth of experience and advanced views and thus selected him as a candidate for Company Auditor.</td></tr>
</table>

No.	Name (Date of birth)	Career Summary (Positions at the Bank and significant concurrent positions)	Number of shares of the Bank held
2	To be reappointed Outside Company Auditor Independent Company Auditor Kiyohito Yamasawa (August 4, 1944) Age: 79 Male Attendance at Board of Directors meetings: 14 / 14 (100%) Attendance at Board of Company Auditors meetings: 14 / 14 (100%)	Apr. 1980 Assistant Professor, Faculty of Engineering, Shinshu University Oct. 1993 Professor, Faculty of Engineering Oct. 2009 President of Shinshu University (retired September 2015) Jun. 2016 Company Auditor of the Bank to the present	24,539 shares
	[Reasons for selection as a candidate] Mr. Kiyohito Yamasawa possesses advanced views as an educator through many years of service as a university instructor and a wealth of experience in university management as a dean. He is fulfilling his duties as an Outside Company Auditor appropriately by providing supervision to the management of the Bank from an independent standpoint. The Bank has judged that he will continue to be capable of providing management supervision functions, and has thus selected him as a candidate for Audit & Supervisory Board Member.		

(Notes)

1. Mr. Kiyohito Yamasawa has a deposit account with the Bank and engages in ordinary transactions. In addition, he served as a dean at Shinshu University, and the Bank has general transactions with the university including deposits and loans and also makes donations to the university. However, there should be no impact on judgements by shareholders and investors as he has satisfied the requirements for Independent Auditors stipulated by the Tokyo Stock Exchange and the Standards for Determining Independence prescribed by the Bank (page 12) in light of the scale of transactions to the Bank's deposits and their nature.
2. Other than Notes 1 above, there are no special interest relationships between the candidates for Company Auditors and the Bank.
3. The Bank has entered into a directors and officers liability insurance contract as outlined below and plans to renew it on December 25, 2024. The candidates for Company Auditors will be covered by the contract if they are elected.

   [Outline of directors and officers liability insurance contract]

   (i) Actual ratio of premiums paid by the insured person

   The premiums are paid by the Bank including for riders. The insured person does not bear the actual premiums.

   (ii) Outline of insured events

   The contract, together with riders, will cover any damages, litigation costs, and other outlays that may arise due to the insured directors and officers assuming liability for the execution of their duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

   (iii)Measures to prevent appropriateness of directors' and officers' duties from being undermined

   The insurance contract provides for exemption of liability in certain amount, below which damages are not covered.
4. Mr. Kiyohito Yamasawa is a candidate for Outside Company Auditor. Additionally, the Bank has designated him as an Independent Company Auditor under regulations of the Tokyo Stock Exchange and made a submission to designate him as such to the aforementioned Exchange.
5. Mr. Kiyohito Yamasawa has served as Outside Company Auditor of the Bank since June 2016, and his term will have been eight years as of the conclusion of this General Meeting of Shareholders.
6. Under Article 39 of the current Articles of Incorporation, the Bank has executed an agreement with Mr. Kiyohito Yamasawa to limit his liability for damages to the minimum liability amount to the extent that he has acted in

good faith without gross negligence during the course of his duties. (See Article 423, Paragraph 1 and Article 425, Paragraph 1 of the Companies Act.) The Bank plans to continue said agreement when he is reappointed as Outside Company Auditor.

7. Other than those provided above, there are no items required to be disclosed concerning the proposal to elect Company Auditor as defined under Article 76 of the Ordinance for Enforcement of the Companies Act.
8. The ages of the candidates are as of the date of this General Meeting of Shareholders to be held.

(For your reference) Standards for Selection of Outside Officers and Independence Determination

▪ Standards for selection of Outside Directors and Outside Company Auditors

The candidates for the position of Outside Director or Outside Company Auditor are determined according to the following "Standards for Determining Independence of Outside Officers," on the assumption that the standards for independence stipulated by the Tokyo Stock Exchange, Inc. are satisfied.

▪ Standards for Determining Independence of Outside Officers

In principle, candidates for Outside Director and Outside Company Auditor of the Bank shall be parties to whom none of the following items currently has applied and recently apply;

(1) A party who holds the Bank as a major transaction counterparty, or in the case where the party is a corporation, etc., a person who executes its business.
(2) A party who is a major transaction counterparty of the Bank, or in the case where the party is a corporation, etc., a person who executes its business.
(3) A consultant, accounting specialist, or legal specialist, etc., who receives a significant amount of cash or other assets from the Bank, aside from executive remuneration.
(4) An employee, etc., of a consulting firm, accounting firm, or legal firm, etc., who holds the Bank as a major transaction counterparty.
(5) A party who receives a significant amount of donations, etc., from the Bank, or in the case where the party is a corporation, etc., a person who executes its business.
(6) A major shareholder of the Bank, or in the case where the party is a corporation, etc., a person who executes its business.
(7) A close relative of a person listed below (excluding insignificant persons).
  - Parties who fall under.
  - A Director, Company Auditor, Executive Officer, or significant employee, etc., of the Bank or its subsidiaries.

■ Definition of "recently"	Refers to cases that can be substantially viewed as current, for example, includes cases that were applicable at the time that the content of the proposal for election of the Outside Director or Outside Company Auditor at the General Meeting of Shareholders was determined, etc.
■ Definition of "major transaction counterparty"	Evaluation shall be made based on the standard of whether such transaction is greater than 1% of consolidated sales (consolidated operating gross business profit in the Bank's case) or not in the last fiscal year. Additionally, if the company is applied to IFRS, the evaluation shall be based on a standard of whether such transactions is greater than 1% of revenue or not.
■ Definition of "corporation, etc."	Includes organizations other than corporations.
■ Definition of "significant amount"	An average of over 10 million yen per year over the past three years. Provided however, it excludes cases of donations to the corporations whose business objectives are for a public welfare (limited to the corporations established under the "Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations").
■ Definition of "close relative"	Relatives within the second degree.
■ Definition of "insignificant persons"	Persons who are the Executive or General Manager level of companies certified public accountants or attorneys, etc. who are affiliated with accounting firms and legal firms, etc., are deemed "significant." Persons who are not included in the above persons are deemed "insignificant."

(For your reference) Skill Matrix of Directors and Company Auditors

In order for the Board of Directors to fulfill its roles and duties effectively, the Bank needs a certain number of internal individuals who have a thorough knowledge of the Bank's operations and its issues as members of the Board. In addition, the Bank also believes that it is important that the diversity of knowledge, experiences and skills of the Board members is maintained.

Because of such viewpoint, the Bank maintains a basic policy of appointing Directors and Company Auditors from among individuals who have diverse knowledge and backgrounds.

The skill matrix of the Directors and Company Auditors including candidates is as below.

Notes:
1. The matrix below does not describe all knowledge and experiences possessed by each person. It indicates three areas in which each is especially expected display his/her expertise based on his/her experience and other characteristics.
2. Position of each of the Directors and Company Auditors described in the following table shows the one which they are to assume after the conclusion of this General Meeting of Shareholders.

Name	Position	Gender	Area in which is especially expected to display his/her expertise							
			Corporate management / organizational operation	Global	Finance / market	Business strategy / corporate support	Legal affairs / risk management	DX / IT technology	Human resources /diversity	Environment /society
Takahiko Asai	Chairman	Male	●			●			●	
Masaki Matsushita	President	Male	●			●	●			
Shohei Hidai	Deputy President	Male				●	●	●		
Makoto Nakamura	Director	Male		●	●	●				
Hitoshi Nishizawa	Director	Male	●		●			●		
Kayo Tashita	Outside Director	Female	●				●		●	
Miyako Hamano	Outside Director	Female	●	●					●	
Eiji Kanzawa	Outside Director	Male	●					●		●
Takayuki Kanai	Outside Director	Male	●	●	●					
Chishu Minemura	Fulltime Company Auditor	Male		●		●	●			
Akihiro Kasahara	Fulltime Company Auditor	Male				●	●		●	
Kiyohito Yamasawa	Outside Company Auditor	Male	●					●		●
Takayuki Tanaka	Outside Company Auditor	Male		●	●					●
Hiroshi Hori	Outside Company Auditor	Male	●		●	●				

Key knowledge and experience required for each area

Corporate management/ organizational operation	・Management and organizational operation of companies ・Management strategy planning from a corporate-wide and mid-/long-term perspective	Legal affairs / risk management	・Expert knowledge of legal system and various regulations ・Risk management of corporate activities in general
Global	・Management of overseas offices and business units related to international finance and trade ・Strategy planning from a global perspective	DX / IT technology	・Expert knowledge of IT, digital transformation and technology ・System planning, operation and management
Finance / market	・Knowledge of financial market in general, securities operation, etc. ・Trends of financial industry and financial administration	Human resources / diversity	・Human resources affairs in general such as personnel management, human resource development, remuneration/salary and employee benefits ・Promotion of diversity and inclusion
Business strategy / corporate support	・Sales planning, marketing, new business development ・Corporate screening, business matching, business revitalization support, business succession and M&A	Environment /society	・Knowledge of history, culture, economy, etc. in local society ・Initiatives for environmental issues and environmental management

Proposal No. 5: Revision of the Details of Compensation, etc. for Directors (Performance-linked Compensation for Directors)

At the 125th Annual General Meeting of Shareholders held on June 25, 2008, the Bank obtained shareholder's approval of the fixed-amount compensation (excluding the salary portion of Directors serving concurrently as employees) at 25 million yen per month, the payment of performance-linked compensation based on net income, and the allotment of stock acquisition rights as stock-based compensation for Directors within the range of 100 million yen per annum.

To further motivate Directors to improve the business performance of the Group, the Bank proposes to switch the performance indicators used in the calculation of specific amounts of performance-linked compensation to net income attributable to owners of the parent (consolidated net income) and change the payment standards as indicated in the table below.

Currently, there are nine (9) Directors (including four (4) Outside Directors), and if Proposal No. 3 Election of Two (2) Directors is approved as originally proposed, the number of Directors will be nine (9) (including four (4) Outside Directors).

The details of this revision have been determined considering the Bank's Policy Regarding the Determination of Details of Remunerations, etc. of Directors on an Individual Basis (If Proposals No.5 and No. 6 are approved and resolved, the Bank intends to change the said policy as described below under [Reference], to maintain consistency with the matters approved) and other relevant circumstances, and are, therefore, believed to be reasonable.

The details of the revision are as follows.

(Parts subject to amendments are underlined.)

<table>
<tr><th>Current standards</th><th>Proposed standards</th></tr>
<tr>
<td>Performance indicators shall comprise net income, and an amount calculated each business year based on non-consolidated net income shall be paid in cash at a given time each year.

The maximum amount of performance-linked compensation based on net income
<table>
<tr><th>Levels of net income</th><th>Limit of the amount of compensation</th></tr>
<tr><td>Up to and including 10.0 billion yen</td><td>-</td></tr>
<tr><td>Over 10.0 billion yen to equal to or less than 15.0 billion yen</td><td>40 million yen</td></tr>
<tr><td>Over 15.0 billion yen to equal to or less than 20.0 billion yen</td><td>50 million yen</td></tr>
<tr><td>Over 20.0 billion yen to equal to or less than 25.0 billion yen</td><td>60 million yen</td></tr>
<tr><td>Over 25.0 billion yen to equal to or less than 30.0 billion yen</td><td>70 million yen</td></tr>
<tr><td>Over 30.0 billion yen to equal to or less than 35.0 billion yen</td><td>80 million yen</td></tr>
<tr><td>Over 35.0 billion yen</td><td>90 million yen</td></tr>
</table>
</td>
<td>Performance indicators shall comprise net income attributable to owners of the parent ("Consolidated Net Income") and an amount calculated each fiscal year based on Consolidated Net Income shall be paid in cash at a given time each year.

The maximum amount of performance-linked compensation based on Consolidated Net Income
<table>
<tr><th>Levels of Consolidated Net Income</th><th>Limit of the amount of compensation</th></tr>
<tr><td>Up to and including 5.0 billion yen</td><td>-</td></tr>
<tr><td>Over 5.0 billion yen to equal to or less than 10.0 billion yen</td><td>20 million yen</td></tr>
<tr><td>Over 10.0 billion yen to equal to or less than 15.0 billion yen</td><td>30 million yen</td></tr>
<tr><td>Over 15.0 billion yen to equal to or less than 20.0 billion yen</td><td>40 million yen</td></tr>
<tr><td>Over 20.0 billion yen to equal to or less than 25.0 billion yen</td><td>50 million yen</td></tr>
<tr><td>Over 25.0 billion yen to equal to or less than 30.0 billion yen</td><td>60 million yen</td></tr>
<tr><td>Over 30.0 billion yen to equal to or less than 35.0 billion yen</td><td>70 million yen</td></tr>
<tr><td>Over 35.0 billion yen to equal to or less than 40.0 billion yen</td><td>80 million yen</td></tr>
<tr><td>Over 40.0 billion yen</td><td>90 million yen</td></tr>
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Proposal No. 6: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

At the 125th Annual General Meeting of Shareholders held on June 25, 2008, the Bank obtained shareholder's approval of the fixed-amount compensation (excluding the salary portion of Directors serving concurrently as employees) at 25 million yen per month, the payment of performance-linked compensation based on net income, and the allotment of stock acquisition rights within the range of 100 million yen per annum as stock-based compensation for Directors.

As part of its efforts to revise the executive compensation system, the Bank proposes to pay a new type of compensation separated from and in place of this compensation of stock acquisition rights allotted as stock options as stock-based compensation for the granting of restricted stock to the Directors of the Bank (excluding Outside Directors, hereinafter, "Eligible Director(s)) for the purpose of raising the motivation and morale of the Directors to enhance business performance in the medium to long term and improve corporate value by sharing not only the benefits from an increase in stock prices but also the risks associated with a drop in stock prices with shareholders.

If this proposal is approved and resolved, the existing compensation plan of stock acquisition rights allotted as stock options as stock-based compensation will be terminated, and no new stock acquisition rights will be issued after this.

Based on this proposal, the total amount of compensation for the granting of restricted stock to be paid to the Eligible Directors shall be in the form of monetary receivables not exceeding 100 million yen per annum (however, excluding the salary portion of Directors serving concurrently as employees). The specific timing of payment and the allocation to each Eligible Director shall be determined by the Board of Directors.

Currently, there are nine (9) Directors (including four (4) Outside Directors) and if Proposal No. 3 Election of Two (2) Directors is approved and resolved in original form, the number of Directors will be nine (9) (including four (4) Outside Directors).

In addition, the Eligible Directors, pursuant to a resolution of the Board of Directors, shall pay all monetary receivables paid to them under this proposal as property contributed in kind and shall receive shares of common stock of the Bank through an issuance or disposal, and the total number of shares of common stock of the Bank to be issued or disposed of in this way shall not exceed 150,000 shares per annum (however, if, on or after the date of this proposal is approved and resolved, a stock split (including a gratis allotment of common stock of the Bank) or a reverse stock split is conducted in regard to the Bank's common stock, or if other circumstances arise that necessitate an adjustment to the total number of shares of common stock of the Bank to be issued or disposed of as restricted stock, the Bank shall adjust the total number of shares within a reasonable range).

Furthermore, the amount to be paid per share shall be an amount determined by the Board of Directors within a range that will not be particularly advantageous for the Eligible Directors who will receive the common stock, based on the closing price of the Bank's common stock on the Tokyo Stock Exchange on the business day before the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding trading day). In addition, the issuance or disposal of common shares of the Bank in this way and the payment of monetary receivables as property contributed in kind are subject to the conclusion of a restricted stock allotment agreement (the "Allotment Agreement") between the Bank and the Eligible Directors containing the following details. Moreover, the maximum amount of compensation, the total number of shares of common stock of the Bank to be issued or disposed of, and other conditions for granting restricted stock to Eligible Directors under this proposal have been determined considering the above objective, the Bank's business conditions, the Bank's Policy Regarding the Determination of Details of Remunerations, etc. of Directors on an Individual Basis (If Proposal No. 5 and No. 6 are approved and resolved, the Bank intends to change the said policy as described below under [Reference] to maintain consistency with the matters approved) and other relevant circumstances, and are, therefore, believed to be reasonable.

In addition, if the proposals concerning this plan are approved by this Annual General Meeting of Shareholders in original form, the Bank intends to introduce a similar restricted stock compensation plan for Executive Officers who do not concurrently serve as Directors.

[Overview of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors shall not be able to transfer, use as collateral, or otherwise dispose of (the "Transfer Restrictions") shares of common stock of the Bank received by the allotment under the Allotment Agreement (the "Allotted Shares") for thirty (30) years from the date on which they received the allotment (the "Transfer Restriction Period").

(2) Treatment upon retirement or resignation

If an Eligible Director retires or resigns from a position of the Bank or its subsidiary determined in advance by the Board of Directors of the Bank prior to the expiry of the period determined in advance by the Board of

Directors of the Bank (the “Service Period”), the Bank shall automatically acquire the Allotted Shares without compensation, unless the resignation or retirement is due to the end of his or her tenure, death, or other justifiable reason (excluding resignation or retirement due to personal reason of the Eligible Director. The same shall apply hereinafter).

(3) Lifting of Transfer Restrictions

On the condition that an Eligible Director continuously holds the position of the Bank or its subsidiary determined in advance by the Board of Directors of the Bank during the Service Period, the Bank shall lift the Transfer Restrictions on all of the Allotted Shares at the point of expiration of the Transfer Restriction Period (However, if, during the Transfer Restriction Period, the Eligible Director retires or resigns from a position of the Bank or its subsidiary determined in advance by the Board of Directors of the Bank due to the end of his or her tenure, death, or other justifiable reason, then immediately following such retirement or resignation). However, if, prior to the expiry of the Service Period, the Eligible Director retires or resigns from a position of the Bank or its subsidiary determined in advance by the Board of Directors of the Bank due to a justifiable reason, the Bank shall reasonably adjust the number of the Allotted Shares subject to the lifting of the Transfer Restrictions and the timing of the lifting of the Transfer Restrictions, as necessary. Furthermore, the Bank shall automatically acquire without compensation the Allotted Shares for which Transfer Restrictions have not been lifted immediately after the lifting of Transfer Restrictions in accordance with the above provisions.

(4) Malus and clawback provisions

The Bank shall establish provisions to acquire without compensation all or a portion of the Allotted Shares allotted to the Eligible Directors or the common stock of the Bank for which the Transfer Restrictions have been lifted, or to be paid an amount equivalent to the value of the Allotted Shares or the common stock of the Bank for which the Transfer Restrictions have been lifted, in cases the Board of Directors recognize that an Eligible Director has violated laws, regulations, or internal rules, etc., in any material respect during the Transfer Restriction Period or after the lifting of the Transfer Restrictions, and when certain circumstances determined by the Board of Directors have occurred, including serious accounting irregularities or large losses.

(5) Treatment in case of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if during the Transfer Restriction Period, a merger agreement where the Bank will be the non-surviving company, share exchange agreement or share transfer plan where the Bank will become a wholly owned subsidiary or other item related to organizational restructuring, etc. are approved at an Annual General Meeting of Shareholders of the Bank (however, this shall be the Board of Directors of the Bank if the organizational restructuring, etc. does not require approval by the General Meeting of Shareholders of the Bank), the Bank shall, by a resolution of the Board of Directors of the Bank, lift the Transfer Restrictions ahead of the effective date of the organizational restructuring, etc. on a reasonably determined number of Allotted Shares, taking into consideration the period from the start date of the Transfer Restriction Period to the approval date of the organizational restructuring, etc. In addition, in cases provided for above, the Bank shall automatically acquire any Allotted Shares without compensation for which Transfer Restrictions have not been lifted immediately after the lifting of Transfer Restrictions.

(6) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Bank.

[Reference]

Policy Regarding the Determination of Details of Remunerations, etc. of Directors on an Individual Basis

1. Basic Policy

   The compensation system of Directors of the Bank shall be a system that motivates Directors to enhance business performance, improve corporate value and raise awareness toward shareholder-oriented management. In the determination of compensation for individual Directors, the Bank shall aim for appropriate levels based on the responsibilities to be fulfilled and the results achieved by each Director. Specifically, Directors’ compensation shall comprise fixed-amount compensation, performance-linked compensation and non-monetary compensation.

   Compensation of Outside Directors, in light of their duties, shall comprise exclusively fixed-amount compensation.

2. Policy Regarding the Determination of Fixed-amount Compensation on an Individual Basis (including the policy on the determination of the timing and conditions for granting compensation)

   The fixed-amount compensation shall be a monthly compensation determined by considering the Bank’s business performance and the levels of its peers, according to the position, responsibilities and number of years in office of the Director.

3. Policy Regarding the Details of the Performance Indicators for Performance-linked Compensation and the Determination of the Calculation Method of the Amount and Number of Performance-linked Compensation (including the policy on the determination of the timing and conditions for granting compensation)

Performance-linked compensation shall serve as a short-term incentive to raise the motivation and morale of the Directors to enhance business performance and shall be based on the performance indicators of "net income attributable to owners of the parent" ("Consolidated Net Income") and be paid in cash at a given time each year in the amount calculated in each fiscal year based on Consolidated Net Income in each fiscal year.

4. Policy Regarding the Details of Non-monetary Compensation and the Determination of the Calculation Method of Its Amount and Number (including the policy on the determination of the timing and conditions for providing compensation)

Non-monetary compensation shall comprise restricted stock compensation for sharing not only the benefits from an increase in stock prices but also the risks associated with a drop in stock prices with shareholders, thereby raising the motivation and morale of the Directors to enhance business performance in the medium to long term and improve corporate value. The amount of the monetary compensation receivables to be paid for the granting of restricted stock to each Director and the number of restricted stock to be allotted to each Director shall be calculated within the maximum amounts and the maximum number of shares approved by the General Meeting of Shareholders upon considering the standards to be established according to the Director's position and responsibilities and determined by a resolution of the Board of Directors and allotted at a given time in each year.

5. Policy Regarding the Determination of the Ratio of the Amounts of Fixed-amount Compensation, Performance-linked Compensation, and Non-monetary Compensation for Individual Directors

The ratio of each type of compensation of each Director shall be an appropriate ratio reflecting the position of the Director based on the Basic Policy.

The total amount of each type of compensation that will serve as assumptions in the determination of the ratio of each type of compensation for Directors on an individual basis shall be as follows:

Compensation amounts by type of compensation (By resolution of the Annual General Meeting of Shareholders held on June 25, 2008, and June 21, 2024)

- The compensation system of Directors shall comprise fixed-amount compensation, performance-linked compensation and non-monetary compensation as follows (excluding the salary portion of Directors serving concurrently as employees):
    - i. The fixed-amount compensation shall be within 25 million yen per month;
    - ii. The performance-linked compensation shall be paid based on Consolidated Net Income; and
    - iii. The restricted stock compensation shall be allotted within a range of 100 million yen per annum (The maximum number of shares per annum shall be within 150,000 shares of common stock).
- The maximum amount of performance-linked compensation based on Consolidated Net Income

Levels of Consolidated Net Income	Limit of the amount of compensation
Up to and including 5.0 billion yen	-
Over 5.0 billion yen to equal to or less than 10.0 billion yen	20 million yen
Over 10.0 billion yen to equal to or less than 15.0 billion yen	30 million yen
Over 15.0 billion yen to equal to or less than 20.0 billion yen	40 million yen
Over 20.0 billion yen to equal to or less than 25.0 billion yen	50 million yen
Over 25.0 billion yen to equal to or less than 30.0 billion yen	60 million yen
Over 30.0 billion yen to equal to or less than 35.0 billion yen	70 million yen
Over 35.0 billion yen to equal to or less than 40.0 billion yen	80 million yen
Over 40.0 billion yen	90 million yen

6. Matters Regarding the Determination of the Details of Compensation, etc. of Directors on an Individual Basis

In terms of the determination of the details of compensation, etc. of Directors on an individual basis, the President, by resolution of the Board of Directors, shall be delegated the authority to determine the specific details and such authority shall extend to the determination of the amount of the fixed-amount compensation, the amount of the performance-linked compensation and the number of restricted stock to be allotted to each Director. The Nominating and Compensation Committee shall advise and make recommendations to the Board of Directors upon deliberating the matters relating to the compensation of Directors, and the President, based on the advice and recommendations, shall determine the amount of the performance-linked compensation and the number of restricted stock to be allotted to each Director.

<Shareholder proposals (Proposals No. 7 through No. 12)>

Proposals No. 7 through No. 12 were made by one shareholder (LIM Japan Event Master Fund, number of voting rights held: 300, hereinafter, the "Proposing Shareholder")

The following contents and the reasons for the proposals have been published without changes to the original text submitted by the Proposing Shareholder.

Proposal No. 7: Partial Amendment to the Articles of Incorporation (Transition to Domestic Standard Bank)

(1) Outline of the Proposal

It is proposed that the following provision should be added to the Articles of Incorporation of the Bank. If, as a result of the resolution of the other proposals (including Company Proposals) at this Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provision stated in this proposal (including but not limited to the number of the Articles), the provision in this proposal shall stand as the provision after the necessary adjustments have been made.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<u>(Domestic Standard Bank)</u> <u>Article 2-2</u> <u>The Bank shall engage in businesses provided in the previous article as a Domestic Standard Bank.</u>

(2) Reason for the Proposal

The minority shareholders of the Bank have been made to suffer. Price Book-value Ratio (PBR) has been below 1.0x since 2006 and was less than 0.5x, as of April 12, 2024. While this is due in part to macroeconomic factors, we cannot deny that the low market evaluation of the Bank's shares is the consequence of overcapitalization disproportionate to the risk and returns of the business and management decisions that overlooked the escalation of cross-shareholdings.

There are two types of capital adequacy ratio criteria applied to Japanese banks – the Uniform International Standard and the Domestic Standard. For the Banks with overseas branches operating under the Uniform International Standard, a capital adequacy ratio of 8% is applied and another 2.5% is added for dividend payment as capital conservation buffer. On the other hand, banks without overseas sales bases (Domestic Standard Bank) are only required to maintain a capital adequacy ratio of 4%.

For regional banks, the Uniform International Standard, in most cases, is just a "status symbol" that tickles the pride and fancy of management. In fact, the ratio of overseas loans outstanding of the Bank, as of March 31, 2023, is limited to only 0.1% of total assets, the lowest among the 10 regional banks under the Uniform International Standard. The Medium-Term Management Vision 2021 announced by the Bank in 2021 lists "Supporting Our Customers and Regions by 'Finance x Non-finance x Relations'" as its main objective, providing very little ground for maintaining overseas sales bases. Although the Bank has one of the lowest PBRs among the regional banks under the Uniform International Standard, it had one of the highest capital adequacy ratios at approximately 18% as of March 31, 2023. It is clearly that overcapitalization contributes to its low PBR. Therefore, it should switch to the Domestic Standard Bank and apply its surplus capital to growth investments that will generate returns exceeding capital costs and shareholder returns to prevent any further damage to shareholder value. It is possible for Domestic Standard Banks to support regional companies by establishing representative offices, thus, the switch to the Domestic Standard Bank will neither be contrary to the Bank's management philosophy of "Contribute to regional development through a commitment to sound banking principles" nor impact the post-merger integration process (PMI) with THE NAGANO BANK, LTD.

The "Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring" released by Tokyo Stock Exchange on January 30, 2023, states that "In Japan, there are many cases where management is unaware of the cost of capital and stock price. It is necessary to improve management's awareness and literacy of these concepts and allow autonomy in corporate management functions. First, TSE could encourage management to properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement as necessary. This could be a catalyst for promoting dialogue with investors and improving management literacy." And also, "In particular, companies with a PBR consistently below 1x (i.e., not achieving capital efficiency in excess of their cost of capital, or achieving capital efficiency in excess of their cost of capital but future growth potential is not adequately expected by investors) should be required to disclose their policies and specific initiatives for improvement."

Furthermore, in the “TSE’s Future Actions in Response to the Summary of Discussions of the Follow-up Council” released by Tokyo Stock Exchange on the same day, it states that it will “Require that management and the board of directors properly identify the company’s cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement and the progress thereof as necessary” and that it will strongly require to disclose “Especially for companies that clearly need to improve, such as those with a PBR consistently below 1x.”

The Corporate Governance Code of the Tokyo Stock Exchange under “Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans” provides that “When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company’s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.”

The Bank’s transition to a Domestic Standard Bank will contribute to an improvement in its PBR. In fact, there has even been a regional bank which transitioned from a Uniform International Standard Bank to a Domestic Standard Bank to improve its ROE and PBR. For the Bank to aim for a PBR of 1.0x, the transition to a Domestic Standard Bank is bound to become a crucial point of discussion. However, it was not mentioned under “Efforts to Improve PBR” disclosed by the Bank at the 52nd Information Meeting and other meetings.

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

The Bank's management philosophy is "Contribute to regional development through a commitment to sound banking principles" and we are committing to continue to do what we can to help the community.

As one of the five themes of Medium-Term Management Vision 2021, we are promoting "Providing Comprehensive Financial Services and Functions", we are making various proposals by fully utilizing the Group's management resources to meet the diverse and sophisticated needs of the customers. The regional communities are also not immune to the rapid advancing globalization of recent years, and accordingly, we have established a branch in Singapore to support a wide range of overseas businesses of our customers including regional companies, mainly in the fast-growing markets of Asia. The Bank believes that the information capabilities and expertise gained as a Uniform International Standard Bank have contributed to the Bank's revenues. We have determined that the accumulation of such initiatives will lead to the development of the regional economy and ultimately to the enhancement of corporate value of the Bank.

The Bank discloses its initiatives toward improving PBR and is especially focused on advancing various initiatives to improve its profitability, which, in turn, will raise the ROE. To raise profitability, the effective investment of management resources in growth areas capturing overseas growth potential is essential, so the Bank believes that overseas expansion is a crucial element as a part of raising profitability. Therefore, for the Bank, its status as a Uniform International Standard bank can be beneficial and could not lead to a decline in PBR in any feasible way.

If, on the other hand, this proposal were to be implemented, it would become difficult for the Bank to provide the type of support described above to the overseas businesses of its customers and would lead to a stagnate in the improvement of corporate value of the Bank. We are aware that this, in turn, would ultimately lead to the impairment of the medium- to long-term interests of the shareholders.

We believe that the contents of this proposal, i.e. the adoption of Domestic Standards rather than Uniform International Standards as capital adequacy requirements is not a matter to be stipulated in the Articles of Incorporation which are the fundamental norms that set forth the basic matters on the organization and operation of a company, and accordingly, the Board of Directors of the Bank intends to maintain the current Articles of Incorporation.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.

Proposal No. 8: Partial Amendment to the Articles of Incorporation (Sale of Cross-held Shares)

(1) Outline of the Proposal

It is proposed that the following chapter and provision should be added to the Articles of Incorporation of the Bank. If, as a result of the resolution of the other proposals (including Company Proposals) at this Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the chapter and provision stated in this proposal (including but not limited to the number of the Articles), the provision in this proposal shall stand as the provision after the necessary adjustments have been made.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<u>Chapter 7 Cross-shareholdings</u> <u>(Sale of Cross-held Shares)</u> <u>Article 46</u> <u>The Bank shall dispose of its cross-shareholdings down to less than 10% of its net assets at book value in the consolidated balance sheet by March 31, 2027.</u>

(2) Reason for the Proposal

Cross-shareholdings which functions as a manipulative way of securing stable shareholders and generating arbitrary profit can not only deteriorate capital efficiency but also have adverse effects on management discipline. However, according to the Bank's Annual Securities Report for the 140th fiscal year (from April 1, 2022 to March 31, 2023), the Bank, as of March 31, 2023, holds cross-shareholdings with approximately 447.7 billion yen in listed stock alone, which is an anomaly representing over 90% of the Bank's latest market capitalization. The shareholders are being exposed to excessive risks disproportionate to the Bank's business, and we must remember that the shareholders are investing in the Bank because they are counting on the value of the Bank as a financial intermediary to the regional economy to which the shareholders have no way of investing directly, and not as an asset manager of Japanese equity. If that is what shareholders want, they can do so by themselves.

Cross-shareholdings are financial assets entailing high risk and volatility compared to other instruments. Nevertheless, the Bank does not calculate the fair values of these cross-shareholdings as a professional institutional investor would. As recommended in the Ito Review of Competitiveness and Incentives for Sustainable Growth – Building Favorable Relationships between Companies and Investors–, what is required of listed companies is a "Minimum Level of ROE to be Targeted and the Need for a Higher Awareness of the Cost of Capital" (p.13). However, the Bank's cross-shareholdings generate capital costs exceeding business risks and an ROE that does not fully reflect its earning power in its core business.

Uniform International Standard banks are allowed to include unrealized gains from cross-shareholdings in their stated capital. The unrealized gains from the Bank's cross-shareholdings, as of March 31, 2023, have been estimated at approximately 6% of risk assets, which accounts for approximately 30% of its capital adequacy ratio. From the standpoint of "procyclicality which posits a positive correlation between economic fluctuations and unrealized gains from cross-shareholdings, cross-shareholdings would be defined as "poor quality" capital. Furthermore, while the Bank has disclosed a plan to reduce its cross-shareholdings on a book value basis, what the shareholders really want to know is how the Bank plans to reduce its cross-shareholdings on a market value basis reflecting actual investment risks.

According to "President Matsushita of Hachijuni Bank Objects to Investor Demand to Reduce Cross-shareholdings," an interview article posted in the digital version of the Nihon Keizai Shimbun in September 2023, President, Masaki Matsushita, explains that, "Unrealized gains are proof of our long-standing efforts to nurture companies." However, the Bank has hardly any business transactions with Shin-Etsu Chemical Co., Ltd., which has the highest market value in the Bank's cross-shareholdings. He also says that "if we sell the shares all at once, we will lose the opportunity to benefit from further increases in share prices. Ample capital adequacy is crucial for implementing bold measures. Although we need to provide an explanation (to the investees), we can benefit from having cross-shareholdings which can be quickly converted into cash in our arsenal." Despite these remarks, it is doubtful whether the Bank has calculated the fair values of its cross-shareholdings and there is an obvious lack of the concept of procyclicality. As mentioned earlier, the shareholders are investing in the Bank because they are counting on the value of the Bank as a financial intermediary to the regional economy to which the shareholders have no way of investing directly and not as an asset manager of Japanese equity, and the Bank is disregarding the position of the minority shareholder.

Drastic reductions of cross-shareholdings on a market value basis will contribute to the improvement of the Bank's PBR. In fact, there is an increasing number of regional banks that uphold the complete disposal of their cross-shareholdings as management objectives. For the Bank, also, it will not be able to correct its inefficient capital allocation where ROE is subordinate to shareholder equity costs by leaving its cross-shareholdings which are disproportionate to its market capitalization. Furthermore, as was evidenced by the incident where a major non-life insurance company adjusted its corporate insurance premium with other companies, cozy relationships with companies through cross-shareholdings companies can become a breeding ground for fraud. This is the reason why we propose to establish a provision in the Articles of Incorporation to mandate for the Bank to dispose of most of its cross-shareholdings by a given time in order to prompt the quick reduction of its cross-shareholdings. Considering the liquidity of the Bank's cross-shareholdings, three years would be ample time to dispose of its cross-shareholdings to less than 10% of its net book value.

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

According to the basic policy on cross-shareholdings, the Bank determines the rationale of the shareholding by verifying, for example, whether the benefits and risks of the shareholding are commensurate with capital costs, and whether they contribute to the medium- to long-term growth of the Bank and its business partners and to the growth of the regional economy. When there is no discernable rationale, the Bank reduces the shareholdings, upon sufficient dialogue with the investees, and the Board of Directors verifies each year the rationale of shareholding for each issue and discloses the details of the verification in an appropriate manner.

To reduce our cross-shareholdings based on this policy, we have established the numerical target of a "20% reduction on a book value basis from the fiscal year ended March 31, 2021 (the start of the Medium-Term Management Vision) and have been working to achieve this in the fiscal year ending March 31, 2026.

In this way, we have drafted a policy for the reduction of cross-shareholdings and are moving forward with the actual reduction through relevant initiatives. As for the individual issues, we believe that it is appropriate for the Board of Directors to verify the holding objective and rationale and steadfastly maintain the current policy of reducing the shareholdings upon sufficient dialogue with the investees.

Furthermore, we believe that the contents of this proposal, i.e. setting specific dates and ratios for the disposal of cross-shareholdings in the Articles of Incorporation which are the fundamental norms that set forth the basic matters on the organization and operation of a company, would be out of place and not suitable for inclusion in the Articles of Incorporation.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.

Proposal No. 9: Partial Amendment to the Articles of Incorporation (Verification of the Objective of Cross-shareholdings and Disclosure of Results)

(1) Outline of the Proposal

It is proposed that the following provision should be added to the Articles of Incorporation of the Bank. If, as a result of the resolution of the other proposals (including Company Proposals) at this Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provision stated in this proposal (including but not limited to the number of the Articles), the provision in this proposal shall stand as the provision after the necessary adjustments have been made.

(Amended are underlined)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<u>(Verification of the Objective of Cross-shareholdings and Disclosure of Results)</u> <u>Article 47</u> <u>The Bank in its Board of Directors shall specifically examine, whether the objective of the shareholding of individual cross-shareholdings of the Bank is appropriate, whether the benefits and risks of the shareholding are commensurate with capital costs and verify whether the shareholdings are appropriate.</u> <u>2. The Bank, in order to verify whether the cross-shareholding objective of maintaining and strengthening business relationships is actually being fulfilled by the cross-shareholding, shall interview the issuer of the cross-held shares, at least once a year and ask whether the cross-shareholding objective will not be fulfilled, if the cross-held shares were sold, and the reason thereof</u> <u>3. The Bank shall disclose the results of verification by the Board of Directors in accordance with paragraph 1 and the replies to the interview by the issuer in accordance with paragraph 2 for each issuer by its Corporate Governance Report which the Bank submits to the Tokyo Stock Exchange.</u>

(2) Reason for the Proposal

As of March 31, 2023, the Bank holds cross-shareholdings of approximately 447.7 billion yen which is equivalent to over 90% of the Bank's most recent market capitalization. Cross-shareholdings are financial assets entailing high risk and volatility compared to other instruments. Nevertheless, the Bank does not calculate the fair values of these cross-shareholdings, as a professional institutional investor would. As was evidenced by the incident where a major insurance company adjusted its corporate insurance premium with other companies, cozy relationships between companies can become a breeding ground for fraud. Cross-shareholding also poses an inherent risk, in which factors other than the terms and conditions of the loan agreement, such as the ratio of cross-shareholdings, could impact the competition to capture customers.

In an interview article "President Matsushita of Hachijuni Bank Objects to Investor Demand to Reduce Cross-shareholdings posted in the digital version of the Nihon Keizai Shimbun in September 2023, President, Masaki Matsushita explains that "Unrealized gains are proof of our long-standing efforts to nurture companies." However, the Bank has hardly any business transactions with Shin-Etsu Chemical Co., Ltd., which has the highest market value in the Bank's cross-shareholdings. He also says that "if we sell the shares all at once, we will lose the opportunity to benefit from further increases in share prices. Ample capital adequacy is crucial for implementing bold measures. Although we need to provide an explanation (to the investees), we can benefit from having cross-shareholdings, which can be quickly converted into cash, in our arsenal." Despite these remarks, it is doubtful whether the Bank has calculated the fair values of its cross-shareholdings and there is an obvious lack of the concept of procyclicality. As mentioned earlier, the shareholders are investing in the Bank because they are counting on the value of the Bank as a financial intermediary to the regional economy, to which the shareholders have no way of investing directly, and not as an asset manager of Japanese equity, and the Bank is disregarding the position of the minority shareholder.

In the Annual Securities Report for the 140th fiscal year, the Bank claimed that for "investment securities held for purposes other than pure investment" that fall under cross-shareholdings, the Bank will "establish standard values for Return on Risk Asset (RORA) indicators based on the Bank's capital costs to gauge the rationale of holding listed stock and conduct verifications for each company." However, in practice, we surmise that the "rationale of holding" lies in the expectations for business development in the forms of loans from its business partners through the holding of cross-shareholdings. Such a method can result in the business partner prioritizing transactions with the Bank which is a shareholder rather than seeking financial institutions that indicate the best possible conditions for them, which, in turn, could lead to conflicts of interest between the other shareholders of the business partner and the Bank. It can also pose the risk of fraud, as was indicated by the incident involving corporate insurance premium adjustments by a major insurance company with other companies. Therefore, cross-shareholdings contain risks that contradict the management philosophy of "Contribute to regional development through a commitment to sound banking principles."

From the outset, the method of "establishing standard values for Return on Risk Asset (RORA) indicators based on the Bank's capital costs to gauge the rationale of holding listed stock" may confuse with securities and loan receivables whose risk and return qualities are in a totally different class of assets. The hurdle rate for a business holding cross-shareholdings should be the capital cost of that business. On the other hand, major listed companies in Japan have an ROE of 8% or higher, and for the Bank, which aims for a 5% ROE, to set capital cost as its standard value, is tantamount to admitting that it holds cross-shareholdings that are unattractive investment-wise and is disregarding the stance of the minority shareholder.

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

The Bank upholds the basic policy on cross-shareholdings, in which the Bank determines the rationale of the shareholding by verifying, among others, whether the benefits and risks of the shareholding are commensurate with capital costs, and whether the cross-shareholdings contribute to the medium- to long-term growth of the Bank and the business partners, as well as the growth of the regional economy, and when there is no discernable rationale, the Bank reduces the shareholdings, upon sufficient dialogue with the investee, and the Board of Directors verifies each year the rationale of shareholding for each issue and discloses the details of the verification in an appropriate manner.

We believe that the gist of this proposal, i.e. articulating the methods of verification of the objectives of shareholding, etc., in the Articles of Incorporation, which are the fundamental norms that set forth the basic matters on the organization and operation of a company, would be out of place. Moreover, in light of our basic policy of appropriate verification and disclosure, as described above, while thoroughly taking into account the benefits of maintaining relationships with business partners nurtured through cross-shareholding, we believe that there is no need to set forth the matters articulated in this proposal in the Articles of Incorporation.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.

Proposal No. 10: Partial Amendment to the Articles of Incorporation (Disclosure of Director Compensation on an Individual Basis)

(1) Outline of the Proposal

It is proposed that the following provision should be added to the Articles of Incorporation of the Bank. If, as a result of the resolution of the other proposals (including Company Proposals) at this Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provision stated in this proposal (including but not limited to the number of the Articles), the provision in this proposal shall stand as the provision after the necessary adjustments have been made.

(Amended are underlined)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	(Remuneration and Other Financial Benefits of Directors) Article 25 (Omitted) 2. The amount, the details and the determination method of the remuneration of Directors shall be disclosed each year on an individual basis in the Business Report and the Annual Securities Report.

(2) Reason for the Proposal

The Bank's shares have chronically had a PBR of 1x or lower and the Bank has had a problem in terms of corporate governance with its immense cross-shareholdings functioning as a manipulative way of securing stable shareholders and generating arbitrary profit. To the contrary, Directors' compensation on an individual basis indicates how the Board of Directors assesses the challenges of the Bank and how such efforts are reflected in the individual Director compensation and plays the role of elucidating the problems of corporate governance and capital allocation.

The Board of Directors of the Bank, which overlooks the PBR of less than 1x and the Bank's escalating cross-shareholding, cannot be expected to play a role in improving the Bank's corporate governance problems or making management take responsibility in terms of capital efficiency and the protection of minority shareholders. Therefore, to provide an environment where the shareholders can take a more proactive approach to checks and balances, we propose to establish a provision in the Articles of Incorporation to mandate for the Bank to disclose Directors' compensation on an individual basis.

According to the "Corporate Governance Report" disclosed by the Bank in December 2023, it states that "In the determination of compensation for individual Directors, the Bank's basic policy is to aim for appropriate levels based on the responsibilities to be fulfilled and the results achieved by each Director. Specifically, Directors' compensation comprises fixed-amount compensation, performance-linked compensation, and non-monetary compensation." To be specific, fixed-amount compensation is "a monthly compensation determined by considering the Bank's business performance and the levels of its peers, according to the position, responsibilities, and number of years in office of the Director." Performance-linked compensation "serves as a short-term incentive to raise the motivation and morale of the Directors to enhance business performance and is based on the performance indicators of net income, the final results of each business year, and paid in cash at a given time each year in the amount calculated each fiscal year based on non-consolidated net income." However, the specific calculation methods and allocation methods are not articulated. Since the indicators do not contain indicators of capital efficiency, such as ROE, we cannot tell from the disclosed documents how the incentives for the Directors are connected to shareholder interests (especially minority shareholders).

Supplementary Principle 4.2.1 of "Principle 4.2 Roles and Responsibilities of the Board (2)" of the Corporate Governance Code states that "The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately." However, it is highly unlikely that the Bank's system of compensation for directors has been designed to contribute to the common interests of the shareholders.

This is why we are proposing a provision to be added in the Articles of Incorporation for the mandatory disclosure of Directors' compensation on an individual basis to establish an environment that allows shareholders and the stock market to appropriately assess management's performance and the Bank's problems with corporate governance.

In the "TSE's Future Actions in Response to the Summary of Discussions of the Follow-up Council" released by Tokyo Stock Exchange, Inc. on January 30, 2023, it states that it will "Require that management and the board of directors properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement and the progress thereof as necessary" and that it will require disclosure "Especially for companies that clearly need to improve, such as those with a PBR consistently below 1x." The Bank's PBR has been less than 1.0x for the past 20 years and whether achieving a PBR of 1.0x or higher is serving as an incentive for the Directors or not is a crucial point in the "specific initiatives for improvement (of PBR)."

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

The compensation system of Directors of the Bank shall be a system that motivates Directors to enhance business performance, improve corporate value, and raise awareness toward shareholder-oriented management. In the determination of compensation for individual Directors, the Bank shall aim for appropriate levels based on the responsibilities to be fulfilled and the results achieved by each Director.

Furthermore, the Nominating and Compensation Committee, the majority of the members of which are Outside Directors and which is chaired by an Outside Director, deliberates the compensation for Directors and provides advice and recommendations to the Board of Directors.

The compensation, etc. for Directors determined each year in this manner is disclosed appropriately in the Annual Securities Report as total amounts for each officer category, total amounts for each type of compensation, and the number of officers subject to payment.

This proposal asks for a new provision in the Articles of Incorporation to disclose the compensation amounts of Directors on an individual basis. However, articulating such provisions in the Articles of Incorporation, which are the fundamental norms that set forth the basic matters on the organization and operation of a company, would be out of place. Furthermore, the Bank, as stated above, discloses the policy for the determination of Directors' compensation and the actual payments. Although we do not disclose Directors' compensation on an individual basis, we consider this to be a crucial matter of corporate governance and thus ensure its transparency and objectivity by having the Board of Directors determine the compensation based on the recommendations of the Nominating and Compensation Committee, the majority of the members of which are Outside Directors, and therefore, we believe that there is no need to set forth the matters articulated in this proposal in the Articles of Incorporation.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.

Proposal No. 11: Appropriation of Surplus

(1) Outline of the Proposal

It is proposed that the surplus should be appropriated as follows.

If the Board of Directors of the Bank proposes an appropriation of surplus at this Annual General Meeting of Shareholders, this proposal will be submitted separately from such proposal.

1. Type of dividend property

   Cash

2. Amount of dividend per share

   The amount to deduct the amount of dividend per share of common stock of the Bank proposed by the Board of Directors of the Bank and approved by this Annual General Meeting of Shareholders from 62.00 yen (If the Board of Directors of the Bank does not propose an appropriation of surplus at this Annual General Meeting of Shareholders, then 62.00 yen).

3. Allotment of dividend property to shareholders and the total amount

   The amount of dividend per share stated in above 2. per share of common stock (The total amount of dividends shall be an amount calculated by multiplying the amount of dividend per share by the number of common stock (excluding treasury stock) of the Bank issued as of March 31, 2024).

4. Effective date of distribution

   Date of this Annual General Meeting of Shareholders

5. Commencement date of dividend payments

   The date on which three weeks have passed from the business day following this Annual General Meeting of Shareholders.

(2) Reason for the Proposal

Considering the risk of continuing impairment of shareholder value due to the further increase in net worth and a long-term PBR of less than 1x, for the purpose of breaking this vicious cycle of deteriorating capital efficiency, pushing forward with bold shareholder returns would contribute to the protection of minority shareholders.

In the item of "Efforts to Improve PBR" on page 39 of the disclosed materials for the 52nd Information Meeting held on November 30, 2023, the Bank describes its PER as a reciprocal of capital cost minus the expected growth rate, but this is not accurate. Unless the ROE of a growing business exceeds the capital costs, revenue growth can lower PER and impair shareholder value. Therefore, the Bank's "Efforts to Improve PBR" lacks an in-depth discussion on the quality of the "expected growth rate" and thus it is highly questionable whether the Bank's "growth" will contribute to recovering a PBR of 1x or higher.

While in an interview article "President Matsushita of Hachijuni Bank Objects to Investor Demand to Reduce Cross-shareholdings posted in the digital version of the Nihon Keizai Shimbun in September 2023, President Matsushita asserts that "ample capital adequacy is crucial for implementing bold measures, in the question-and-answer session of the 52nd Information Meeting, to the question "although a capital adequacy ratio of 16.77% is high enough, what do you consider an appropriate capital adequacy ratio?" he replies, "I can't tell you at this stage. We are considering various developments." And to the question, "The financial leverage seems to be low. Do you intend to raise it after this?" he replies, "We are considering the appropriate capital." These replies are revelatory of the fact that discussions on correcting overcapitalization are not making progress and the Bank is doing very little in terms of improving PBR.

This is why a payout ratio of 100%, at least is necessary, and we propose a dividend of 62.00 yen which has been calculated by deducting 10.00 yen per share of interim dividend from the 72.00 yen per share projected in the earnings forecast for the fiscal year ended March 31, 2024. The Bank is a Uniform International Standard bank with a high capital adequacy ratio and thus it is highly unlikely that a 100% payout ratio will pose a systemic risk to the regional economy.

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

The Bank considers the return of profits to shareholders as one of its most important management tasks and has set a minimum dividend of 5.00 yen per share. The Bank upholds the basic policy of stable dividends and proactive shareholder returns through acquisition of treasury stock and continues to improve returns to shareholders.

Specifically, to indicate to the shareholders its policy of maintaining the record-high level of dividends, the Bank, on August 25, 2023, revised allotment target in the medium-term management targets from a “consolidated dividend payout ratio of 40% or higher (each year from FY2022 through FY2025) to “annual dividends of at least 20.00 yen (each year from FY2023 through FY2025).

Meanwhile, the Bank believes that well-balanced efforts toward growth investments and ensuring financial soundness are essential in addition to the improvement of shareholder returns to sustainably improve its corporate value as a regional financial institution. From the standpoint of maintaining the soundness enables to support the regional companies under any circumstances together with making growth investments primarily to provide proactive support to regional companies, we believe that it is best to implement measures based on the Bank’s current dividend policy.

On the other hand, payment of dividends on surplus based on this proposal, in view of the Bank’s raison d’etre as a regional financial institution as described above, can be construed base on the standpoint from short-sighted and contrary to the medium- to long-term improvement of the Bank’s corporate value.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.

Proposal No. 12: Acquisition of Treasury Stock

(1) Outline of the Proposal

In accordance with the provisions of Article 156, Paragraph 1 of the Companies Act, the Bank shall acquire a total of 17,600,000 common stock of the Bank for up to 18.1 billion yen (However, if the total acquisition price permitted by the Companies Act (the "Distributable Amount" defined in the provision of Article 461 of the Companies Act) falls below the said amount, then the maximum acquisition price permitted by the Companies Act), in exchange for cash, within one year from the conclusion of this Annual General Meeting of Shareholders.

(2) Reason for the Proposal

As was made evident in the 52nd Information Meeting held in November 2023 and in an interview article "President Matsushita of Hachijuni Bank Objects to Investor Demand to Reduce Cross-shareholdings" posted in the digital version of the Nihon Keizai Shimbun in September 2023, the future of the Bank under the circumstances high capital adequacy ratio in comparison with the Bank's reduction of cross-shareholdings on a market value basis and the inordinately relative to the business' risk and return is not clear. Ignoring overcapitalization will lead to the perpetual PBR of 1x or less because of the Bank's failure not to correct inefficient capital allocation in which ROE is subordinate to capital costs.

In the question-and- answer session of the 52nd Information Meeting, when asked, "Although a capital adequacy ratio of 16.77% is high enough, what do you consider an appropriate capital adequacy ratio?" the Bank replied, "I can't tell you at this stage. We are considering various developments." And to the question, "The financial leverage seems to be low. Do you intend to raise it after this?" the Bank replied, "We are considering the appropriate level of capital." The Bank has not proved justification for the highest level of capital adequacy among the Uniform International Standard banks.

In the discussions on improving its earning power, also, in the item of "Efforts to Improve PBR" on page 39 of the disclosed materials for the 52nd Information Meeting, the Bank describes its PER as a reciprocal of capital cost minus the expected growth rate, but this is not accurate. Unless the ROE of a growing business exceeds the capital costs, revenue growth can lower PER and impair shareholder value. The Bank's "Efforts to Improve PBR" lacks an in-depth explanation on the quality of the "expected growth rate" and it is highly questionable whether the Bank's "growth" will contribute to the improvement of PBR. Therefore it causes a risk factor for minority shareholders.

Consequently, to pave a path toward recovering a PBR of 1x or higher, the acquisition of treasury stock will become indispensable. As stated above, the Bank holds cross-shareholdings exceeding 90% of its market capitalization and has more than enough funds to acquire treasury stock. The proposed total number of shares is equivalent to 5% of the trading volume of the Bank's shares in the past year and is on a reasonable level that can be fully from the standpoint of liquidity.

The Bank is a Uniform International Standard bank with a high capital adequacy ratio and it is highly unlikely that the proposed acquisition of treasury stock equivalent to approximately 4% of its market capitalization will pose a systemic risk to the regional economy. Furthermore, it is not inconsistent with the Bank's management philosophy of "Contribute to regional development through a commitment to sound banking principles."

Opinion of the Board of Directors of the Bank

Opposed: The Board of Directors of the Bank is against this proposal for the following reasons.

The Bank considers the return of profits to shareholders as one of its most important management tasks and has set a minimum dividend of 5.00 yen per share. The Bank upholds the basic policy of stable dividends and proactive shareholder returns through acquisition of treasury stock and continues to improve returns to shareholders.

The Bank believes that well-balanced efforts toward growth investments and ensuring financial soundness are essential in addition to the improvement of shareholder returns to sustainably improve its corporate value as a regional financial institution. Therefore, in terms of the acquisition of treasury stock, the Bank, while upholding the standpoint of maintaining the soundness enables to support the regional companies under any circumstances together with making growth investments primarily to provide proactive support to regional companies, will focus on implementing acquisition, upon flexible and agile consideration of the right timing and amounts, taking into account the Bank's financial condition and business plans, as well as the stock trading situation and stock prices. Based on this approach, the Bank recently acquired approximately 10.0 billion yen of treasury stock in FY2022 and 10.0 billion yen of treasury stock again in FY2023. And for FY2024, the Bank is also planning and has disclosed the acquisition of around 10.0 billion yen of treasury stock.

The Bank will continue to acquire treasury stock in a timely and appropriate manner based on the above policy and approach. However, the acquisition of treasury stock under this shareholder proposal fails to take into account for such policies and approaches, and as such acquisition could lead to financial restrictions and so on the Bank has deemed this shareholder proposal inappropriate.

For the above reason, the Board of Directors of the Bank is against this shareholder proposal.