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## **Notice Concerning Abolition of Share-Based Stock Option Remuneration System and Introduction of Share-Based Remuneration System for Directors**

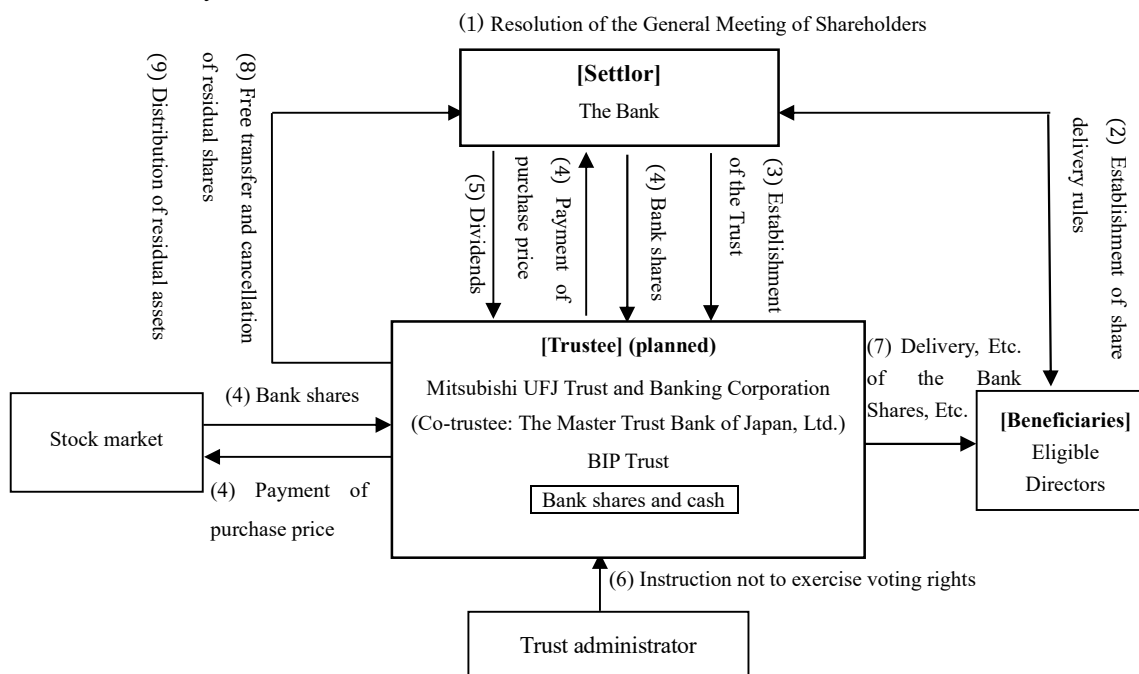
The Bank of Saga Ltd. (the “Bank”), at the Board of Directors meeting held today, has decided to revise the remuneration system for its Directors (excluding Audit and Supervisory Committee Members, Outside Directors, and non-residents of Japan; the “Eligible Directors”), abolishing the share-based stock option remuneration system and introducing a new share-based remuneration system wherein shares of the Bank are delivered as remuneration (the “System”).

Accordingly, the Bank hereby announces that it will submit a proposal regarding the introduction of this System to the 97th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) to be held on June 26, 2026, as described below.

1. Abolition of share-based stock option remuneration system  
Subject to approval of the proposal regarding the introduction of the System at the General Meeting of Shareholders, the share-based stock option remuneration framework approved at the 93rd General Meeting of Shareholders held on June 29, 2022 will be abolished. No new share subscription rights will be allotted as share-based stock option remuneration, and any unexercised share subscription rights already allotted as share-based stock option remuneration to Eligible Directors will be waived by the Eligible Directors. As a transition measure from share-based stock option remuneration, points equivalent to the number of shares underlying the waived share subscription rights (defined in 4. (4) below) will be allotted under the System.
2. Introduction of the System
  - (1) The Bank will introduce the System to clarify the link between remuneration for Eligible Directors and share value, and to increase the motivation of Eligible Directors to improve medium- to long-term performance by sharing the risks and returns of share price fluctuations with shareholders of the Bank.
  - (2) The introduction of the System is subject to approval of the proposal regarding the introduction of the System at the General Meeting of Shareholders.
  - (3) The System adopts a structure called an officer remuneration Board Incentive Plan Trust (the “BIP Trust”). This is a system under which Bank shares and money equivalent to the disposal value of Bank shares upon conversion into cash (the “Bank Shares, Etc.”) are delivered or paid (“Delivered, Etc.” or “Delivery, Etc.”) to Eligible Directors according to rank and other criteria.

- (4) To increase the fairness and transparency of procedures related to officer remuneration, the Bank has established an Independent Outside Officers Meeting, composed solely of independent Outside Directors, as an advisory body to the Board of Directors. The introduction of the System has undergone deliberation by the Independent Outside Officers Meeting.

### 3. Structure of the System



- (1) The Bank will obtain a resolution of approval for the introduction of the System at the General Meeting of Shareholders.
- (2) The Bank will establish share delivery rules in relation to the System at the General Meeting of Shareholders.
- (3) The Bank will contribute funds to serve as the source of remuneration for Eligible Directors and, as settlor, establish a BIP Trust designating as beneficiaries those Eligible Directors who meet the beneficiary requirements.
- (4) In accordance with the instructions of the trust administrator, the BIP Trust will acquire Bank shares from the stock market or from the Bank (disposal of treasury stock) using the funds contributed in (3). The number of shares to be acquired by the BIP Trust for Delivery, Etc. to Eligible Directors shall be within the range approved at the General Meeting of Shareholders in (1).
- (5) Dividends will be paid on Bank shares in the BIP Trust in the same manner as for other Bank shares.
- (6) Voting rights on Bank shares in the BIP Trust shall not be exercised during the trust period.
- (7) During the trust period, Eligible Directors will be allotted a certain number of points according to rank and achievement level of performance targets, and these points will accumulate. Eligible Directors who meet certain beneficiary requirements, upon retirement, will receive Bank shares equivalent to a certain percentage of the allotted points. Bank shares equivalent to the remaining number of points will be converted into cash within the BIP Trust in accordance with the trust agreement, and said Eligible Directors will receive payment of money equivalent to the converted disposal value of such shares.
- (8) If any residual shares arise upon expiration of the trust period, the BIP Trust will either be continued as the System or as a similar incentive plan by amending the trust agreement and making additional contributions, or the residual shares will be transferred free of charge by the BIP Trust to the Bank and planned to be cancelled by resolution of the Board of Directors.
- (9) Any residual assets after distribution to beneficiaries upon termination of the BIP Trust will be vested to the Bank

within the total amount of the trust expense reserve (the “Trust Reserve Funds”) calculated by deducting the share acquisition costs from the trust money. In addition, any portion exceeding the Trust Reserve Funds will be donated to organizations that have no conflicts of interest with the Bank and Eligible Directors.

(Note) The Bank may contribute additional money to the BIP Trust within the range approved at the Bank’s General Meeting of Shareholders as funds to acquire Bank shares to be Delivered, Etc. to Eligible Directors.

#### 4. Details of the System

##### (1) Overview of the System

The System is a share-based remuneration plan under which the BIP Trust acquires Bank shares using funds contributed by the Bank in an amount equivalent to the amount of remuneration for Eligible Directors. Then, the Bank Shares, Etc. are Delivered, Etc. through the BIP Trust to Eligible Directors according to rank and other criteria.

##### (2) Trust period

The initial trust period shall be approximately two years from August 2026 (planned) to August 2028 (planned). However, the trust period may be extended as set forth in (3) below upon expiration of the trust period.

##### (3) Trust amount and method of acquisition of Bank shares by the BIP Trust

The System will apply to a period of three consecutive fiscal years covered by the medium-term management plan (the “Target Period”). However, the Target Period for implementation in the current fiscal year shall be the two fiscal years that are remaining in the current medium-term management plan (the “Initial Target Period”), more specifically, the fiscal year ending March 31, 2027 and the fiscal year ending March 31, 2028.

The maximum amount of the trust money to be contributed by the Bank for each Target Period shall be 61 million yen. Furthermore, the Bank will establish a BIP Trust with a trust period of two years, designating the Eligible Directors as beneficiaries. Furthermore, for the Initial Target Period, in addition to the maximum amount of 122 million yen, the Bank will establish the BIP Trust to disburse a maximum amount of 598 million yen\*<sup>1</sup> as a source of funds to acquire shares corresponding to the points allotted as a transition measure from share-based stock option remuneration, which will be paid to Eligible Directors as remuneration.

The BIP Trust will use the trust money to acquire Bank shares from the stock market or from the Bank (disposal of treasury stock) in accordance with the instructions of the trust administrator. During the Target Period, the Bank will allot points to Eligible Directors (as set forth in (4) below) and make Delivery, Etc. of the Bank Shares, Etc. equivalent to the number of points from the BIP Trust upon retirement.

In addition, upon expiration of the trust period of the BIP Trust, the BIP Trust may continue to be used by amending the trust agreement and contributing additional funds. For each extended trust period, the Bank will contribute additional funds within the maximum amount of trust money approved by the General Meeting of Shareholders. During the extended trust period, the Bank will continue to allot points to Eligible Directors during the extended trust period, and the BIP Trust will continue to make Delivery, Etc. of the Bank Shares, Etc. However, in making such additional contributions, if there are any Bank shares (excluding Bank shares equivalent to the number of as-yet undelivered points allotted to Eligible Directors) or money (collectively, “Residual Shares, Etc.”) remaining in the trust assets on the last day of the trust period prior to extension, the total amount of the Residual Shares, Etc. and the additional trust money to be contributed by the Bank shall be within the range approved at the General Meeting of Shareholders. This extension of the trust period is not limited to a single instance and may be subsequently re-extended in the same manner.

Furthermore, upon or after expiration of the trust period, points will not be allotted to Eligible Directors, but the trust period of the BIP Trust may be extended for a certain period until the Delivery, Etc. of the Bank Shares, Etc. to Eligible Directors who may meet the beneficiary requirements is completed.

(4) Bank Shares, Etc. to be Delivered, Etc. to Eligible Directors

At the prescribed time after the end of each fiscal year during the trust period, a certain number of points will be allotted to Eligible Directors based on criteria such as rank and achievement level of medium-term management plan performance targets.

Furthermore, in the current fiscal year, as a transition measure from share-based stock option remuneration, without delay after the start of the System, Eligible Directors who waived the share subscription rights granted as share-based stock option remuneration based on the introduction of this System will be allotted points equivalent to the number of shares underlying the waived share subscription rights.

The allotted points will accumulate each year, and the Bank Shares, Etc. equivalent to the accumulated number of points (“Accumulated Points”) will be Delivered, Etc. upon retirement of Eligible Directors.

In addition, each point will equal one Bank share, and if the Bank shares undergo a stock split, reverse stock split, or similar event during the trust period, the number of Bank shares for each point and the maximum number of the Bank Shares, Etc. to be Delivered, Etc. from the BIP Trust will be adjusted according to the stock split ratio, reverse stock split ratio, or similar event.

The maximum number of points to be allotted to Eligible Directors during the trust period of the BIP Trust shall be 26,000 points\*<sup>2</sup> per fiscal year, and the maximum number of the Bank Shares, Etc. that can be Delivered, Etc. to Eligible Directors from the Trust during the trust period shall be 26,000 shares, which is equivalent to said maximum number of points (the “Maximum Number of Shares for Delivery”).

However, in the current fiscal year, as a transition measure from share-based stock option remuneration, a maximum of 80,000 points\*<sup>3</sup> will be allotted to Eligible Directors, separately from the maximum total number of points to be allotted per fiscal year.

In addition, the Maximum Number of Shares for Delivery is set based on the maximum amount of trust money stated in (3) above, referring to factors such as the historical stock price levels and trends of the Bank’s shares. The Bank believes this is suitable in light of the current remuneration levels for Directors of the Bank, the trends and future outlook for the number of Directors of the Bank, and the Bank’s stock price levels.

(5) Method and timing of the Delivery, Etc. of the Bank Shares, Etc. to Eligible Directors

Eligible Directors who meet the beneficiary requirements will receive from the BIP Trust upon their retirement the Delivery, Etc. of the Bank Shares, Etc. in the number equivalent to the Accumulated Points calculated as set forth in (4). At such time, said Eligible Directors, by completing the prescribed beneficiary rights determination procedure, will receive the Delivery, Etc. of the Bank Shares, Etc. equivalent to 70% of the Accumulated Points (fractional shares will be truncated). Furthermore, Bank shares equivalent to the remaining points will be converted into cash in the BIP Trust, and said Eligible Directors will receive payment of money equivalent to the converted disposal value.

In addition, in the event of the death of an Eligible Director, all of the Bank shares equivalent to the Accumulated Points at that time will be converted into cash in the BIP Trust, and the heir(s) of said Eligible Director will receive payment of the money equivalent to the converted disposal value from the BIP Trust. Furthermore, if an Eligible Director becomes a non-resident, all of the Bank shares equivalent to the Accumulated Points at that time will be converted into cash in the BIP Trust, and said Eligible Director will receive payment of the money equivalent to the converted disposal value from the BIP Trust.

(6) Exercise of voting rights related to Bank shares in the BIP Trust

To ensure neutrality of corporate management, voting rights related to Bank shares in the BIP Trust shall not be exercised during the trust period.

(7) Handling of dividends on Bank shares in the BIP Trust

Dividends on Bank shares in the BIP Trust will be received by the BIP Trust and allocated to trust fees and trust

expenses of the BIP Trust.

(8) Handling of residual shares and residual dividends upon expiration of the trust period

If residual shares arise upon expiration of the trust period, they will be subject to Delivery, Etc. to Eligible Directors if the BIP Trust continues to be used as the System or as a similar incentive plan. If the BIP Trust is terminated upon expiration of the trust period, the BIP Trust will transfer the residual shares to the Bank free of charge, and the Bank will cancel these by resolution of the Board of Directors.

Furthermore, residual dividends on Bank shares in the BIP Trust upon expiration of the trust period will be used as funds to acquire shares if the BIP Trust continues to be used. However, if the BIP Trust is terminated upon expiration of the trust period, the portion of the trust money that exceeds the trust expense reserve after deducting share acquisition costs will be donated to organizations that have no conflicts of interest with the Bank and Eligible Directors.

- \*1 Established based on a share price with a PBR of 1x, referring to the Bank's share price trends.
- \*2 Established based on the Bank's lowest share price since the 96th Annual General Meeting of Shareholders.
- \*3 Established based on the number of points held by Eligible Directors transitioning from the previous share-based stock option remuneration.

(Reference)

[Details of the Trust Agreement]

- (1) Type of trust:  
Monetary trust other than a specified individually-administered monetary trust (third-party benefit trust)
- (2) Purpose of trust:  
To provide incentives to the Eligible Directors
- (3) Settlor:  
The Bank
- (4) Trustee:  
Mitsubishi UFJ Trust and Banking Corporation  
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- (5) Beneficiaries:  
Those Eligible Directors who meet the beneficiary requirements
- (6) Trust administrator:  
A third party who has no conflicts of interest with the Bank
- (7) Trust agreement date:  
August 2026 (planned)
- (8) Trust period:  
From August 2026 (planned) to August 2028 (planned)
- (9) Start date of the system:  
August 2026 (planned)
- (10) Exercise of voting rights:  
No voting rights will be exercised
- (11) Type of acquired shares:  
Common shares of the Bank
- (12) Maximum amount of trust money:  
720 million yen (planned) (including trust fees and trust expenses)
- (13) Method of acquiring shares:  
Acquire from the stock market or the Bank (disposal of treasury stock)
- (14) Vested rights holder:  
The Bank
- (15) Residual assets:  
Residual assets that the Bank, which is the vested rights holder, can receive will be within the range of the Trust Reserve Funds.

(Note) The planned times above may be changed as appropriate in light of applicable laws and regulations, etc.