

Securities Code: 8558

June 11, 2024

To our shareholders:

Hiroshi Ebara  
Representative Director,  
President & Chief Executive Officer  
THE TOWA BANK, LTD.  
12-6, Honmachi 2-chome, Maebashi, Gunma

## Notice of the 119th Annual General Meeting of Shareholders

We are pleased to announce the 119th Annual General Meeting of Shareholders of THE TOWA BANK, LTD. (the “Bank”), which will be held as described below.

When convening this Annual General Meeting of Shareholders, the Bank takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (excluding the Voting Rights Exercise Form) (the items subject to measures for electronic provision) in electronic format. Please access the Bank’s website below to refer to the information.

The Bank’s website: <https://www.towabank.co.jp>

(Please access the above website, select “To our shareholders and investors,” in the top menu and then “Stock” and “General Meeting of Shareholders” by turns.) (Available in Japanese)

The items subject to measures for electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website (Listed Company Search) below to refer to the information.

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above website, input “Towa Bank” in “Issue name (company name)” or the Bank’s securities code “8558” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information” to review the information.)

You may exercise your voting rights via the Internet, etc. or in writing. If you intend to exercise your voting rights using these methods, please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. on Wednesday, June 26, 2024 (JST) either by entering your approval or disapproval on the Bank’s designated voting website (<https://www.e-sokai.jp>) or by returning the enclosed Voting Rights Exercise Form with indication of approval or disapproval.

1. Date and Time                      Thursday, June 27, 2024 at 10:00 a.m.  
(The reception desk will open at 9:00 a.m.) (JST)
2. Venue:                                Main Conference Room, 2F, Head Office of the Bank,  
12-6, Honmachi 2-chome, Maebashi, Gunma
3. Purposes of the Meeting:  
Matters to be reported:
  1. Business Report and Consolidated Financial Statements for the 119th fiscal year (from April 1, 2023 to March 31, 2024) and Reports of Audit on the Consolidated Financial Statements by Financial Auditor and Audit & Supervisory Board
  2. Non-consolidated Financial Statements for the 119th fiscal year (from April 1, 2023 to March 31, 2024)

Matters to be resolved:

<Company Proposals (Proposal No. 1 through Proposal No. 4)>

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Eight Directors

Proposal No. 3 Election of Three Audit & Supervisory Board Members

Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

<Shareholder Proposals (Proposal No. 5 through Proposal No. 7)>

Proposal No. 5 Amendment to the Articles of Incorporation regarding the Appropriation of Surplus

Proposal No. 6 Amendment to the Articles of Incorporation regarding Share Buybacks

Proposal No. 7 Amendment to the Articles of Incorporation regarding the Publication of Materials Explaining Financial Results

#### 4. Matters Determined upon the Convocation

- (1) If you do not attend the General Meeting of Shareholders, you are entitled to attend the General Meeting of Shareholders by designating another shareholder with voting rights of the Bank as your proxy. Provided, however, a document certifying the right of proxy needs to be submitted.
- (2) If there is no indication of approval or disapproval for each proposal on the returned Voting Rights Exercise Form, the Bank will treat the vote as an approval if it is the Bank's proposal and as a disapproval if it is shareholder's proposal.
- (3) If you exercise your voting rights both in writing and via the Internet, etc., the vote exercised via the Internet will be deemed valid. If you exercise your voting rights more than once via the Internet, etc., only the last vote will be deemed valid.
- (4) Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15 of the Statutes of Incorporation of the Bank, the following items are not provided in the paper-based documents delivered to the shareholders. Accordingly, the paper-based documents delivered to the shareholders are part of the documents that have been audited by Audit & Supervisory Board Members and the Financial Auditor in preparing their Audit Reports.
  - (i) Notes to the Non-consolidated Financial Statements
  - (ii) Notes to the Consolidated Financial Statements

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form to the reception desk.
  - Please note that the staff at the venue will be dressed lightly (Cool Biz) on the day of the meeting.
  - Our officers and staff will have their health conditions fully managed and will continue to wear face masks when necessary.
  - If the items subject to measures for electronic provision require revisions, a notice of the revisions and the details of the items before and after the revisions will be posted on the Bank's website and the TSE website mentioned above on the Internet.

## Reference Documents for the General Meeting of Shareholders Company Proposals (Proposal No. 1 through Proposal No. 4)

Proposal No. 1 through Proposal No. 4 are proposed by the Bank.

### Proposal No. 1 Appropriation of Surplus

The Bank proposes the appropriation of surplus as follows:

Matters concerning dividends of surplus (year-end dividends for the 119th fiscal year)

Regarding the dividends of surplus, the Bank has introduced a new shareholder return policy that sets the basic principle of continuing stable dividends and aims to maintain a total payout ratio of 30% or more, including the share buybacks. In addition, the Bank fully repaid public funds on May 14, 2024.

Therefore, in order to respond to the continued support of our shareholders, the Bank would like to increase the year-end dividend for common stock by 10 yen per share as a commemorative dividend (only for this term), resulting in a total of 35 yen per share.

1. Type of dividend property  
To be paid in cash.

2. Allotment of dividend property and their aggregate amount

(1) ¥35 per common share

Total amount ¥1,295,170,520

(2) ¥27.68 per Class II preferred share

Total amount ¥207,600,000

The total dividends on common shares and Class II preferred shares will be ¥1,502,770,520.

(Reference)

● Class II preferred shares are issued at the price of ¥200 per share (\*1), and the amount of the dividend per share for fiscal 2023 is the abovementioned ¥200 per share (\*1) multiplied by the annual dividend rate of 1.384% (\*2).

\*1 The Bank conducted a stock consolidation of one share for ten Class II preferred shares on October 1, 2017. The price is therefore calculated assuming an issue price of ¥2,000 per share.

\*2 The annual dividend rate used for fiscal 2023 is calculated by adding 1.15% to the Japanese yen TIBOR 12-month rate (0.23364%) as of April 3, 2023.

3. Effective date of dividends of surplus  
June 28, 2024

## Proposal No. 2 Election of Eight Directors


The terms of office of all seven Directors will expire at the conclusion of this meeting.


Therefore, in order to further strengthen the management structure, the Bank proposes the election of eight Directors, increasing the number within the limit prescribed in the Articles of Incorporation.

The nomination of the eight Director candidates has been deliberated by the Nomination and Remuneration Committee, which is composed of Outside Directors and Directors with representative authority, then evaluated by an external evaluation committee made up of external lawyers and so forth, before the Nomination and Remuneration Committee provided advice and proposals to the Board of Directors. The external evaluation committee has provided an evaluation that the nomination of people is appropriate.


The candidates for Director are as follows:

Candidate No.	Name	Current position in the Bank
1	Hiroshi Ebara Reelection	Representative Director, President & Chief Executive Officer
2	Hiroyuki Sakurai Reelection	Representative Director, Vice President & Executive Officer
3	Isao Kitazume Reelection	Director, Senior Managing Executive Officer
4	Shinichiro Suzuki Reelection	Director, Managing Executive Officer
5	Susumu Okabe New election	Managing Executive Officer
6	Takeshi Mizuguchi Reelection Outside Independent	Director
7	Rikako Onishi Reelection Outside Independent	Director
8	Akira Maruyama New election Outside Independent	-


Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
1	 <p>Hiroshi Ebara (April 16, 1956)</p>	<p>April 1980      Joined the Bank</p> <p>July 2007      Deputy General Manager of Secretarial Office</p> <p>February 2009      General Manager of Kawagoe Branch</p> <p>June 2011      Executive Officer, General Manager of Takasaki Branch</p> <p>June 2013      Managing Executive Officer, General Manager of Takasaki Branch</p> <p>June 2014      Director, Managing Executive Officer</p> <p>June 2017      Director, Senior Managing Executive Officer</p> <p>June 2019      Director, Vice President &amp; Executive Officer</p> <p>June 2020      Representative Director, President &amp; Chief Executive Officer (current position)</p>	Common shares 23,700 shares
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>He has extensive operational experience in the integrated planning division, risk management division, credit administration division, finance and accounting division, human resources division, and general affairs division, and he also has exceptional front line awareness, having served as General Manager of the Takasaki Branch and Kawagoe Branch, giving him a thorough knowledge of the overall banking operations. Furthermore, he served as Director from June 2014, Director and Vice President from June 2019, and Representative Director and President from June 2020, and has performed those duties and responsibilities appropriately. Judging that he can draw on this experience and knowledge to contribute to the Bank's management, we have nominated him as a candidate for Director.</p>			


Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
2	 Hiroyuki Sakurai (December 26, 1957)	<p>April 1980      Joined the Bank</p> <p>June 2007      Deputy General Manager of Integrated Planning Department</p> <p>June 2008      General Manager of Credit Administration Department</p> <p>October 2009    General Manager of Integrated Planning Department</p> <p>June 2011      Executive Officer, General Manager of Integrated Planning Department</p> <p>June 2013      Managing Executive Officer, General Manager of Tokyo Branch</p> <p>June 2014      Director, Managing Executive Officer</p> <p>June 2017      Director, Senior Managing Executive Officer</p> <p>June 2020      Director, Vice President &amp; Executive Officer</p> <p>September 2020 Representative Director, Vice President &amp; Executive Officer (current position)</p> <p>In charge of:            Human Resources Department, General Affairs Department, Compliance Management Department, Internal Audit Department, Securities Business (Internal Management Supervisor)</p>	Common shares 22,500 shares
<p>Reasons for nomination as a candidate for Director</p> <p>He has extensive operational experience in the relationship banking promotion division, integrated planning division, credit administration division, human resources division, general affairs division, auditing division, and compliance division, and he also has exceptional frontline awareness, having served as the General Manager of the Tokyo Branch, giving him thorough knowledge of the overall banking operations. Furthermore, he served as Director from June 2014 and as Representative Director and Vice President from September 2020, and has performed those duties and responsibilities appropriately. Judging that he can draw on this experience and knowledge to contribute to the Bank's management, we have nominated him as a candidate for Director.</p>			


Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
3	 <p data-bbox="375 837 539 898">Isao Kitazume (July 16, 1964)</p>	<p data-bbox="596 365 1214 965"> April 1987      Joined the Bank  October 2008    General Manager of Kagohara Branch  April 2013      General Manager of Isesaki Branch  April 2016      Executive Officer,  General Manager of Isesaki Branch  June 2016      Executive Officer,  General Manager of Relationship  Banking Promotion Department  June 2019      Director,  Executive Officer,  General Manager of Relationship  Banking Promotion Department  General Manager of Relationship  Banking Strategy Department  June 2020      Director,  Senior Managing Executive Officer  (current position) </p> <p data-bbox="596 976 1185 1070"> In charge of:  Integrated Planning Department, Credit Administration  Department, Credit Management Department </p>	Common shares 13,600 shares
<p data-bbox="330 1081 1385 1332"> Reasons for nomination as a candidate for Director  He has exceptional frontline awareness, having served as the General Manager of the Kagohara Branch and Isesaki Branch, as well as extensive operational experience in the relationship banking promotion division, integrated planning division, and credit administration division. Furthermore, he served as Executive Officer from April 2016, Director from June 2019, and Director and Senior Managing Executive Officer from June 2020, and has performed those duties and responsibilities appropriately. Judging that he can draw on this experience and knowledge to contribute to the Bank's management, we have nominated him as a candidate for Director. </p>			


Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
4	 <p>Shinichiro Suzuki (April 22, 1962)</p>	<p>April 1985      Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>June 2017      Joined the Bank</p> <p>June 2017      General Manager of International Department</p> <p>June 2018      Executive Officer, General Manager of International Department and Joint Co-General Manager of Business Administration and System Department</p> <p>June 2020      Director, Managing Executive Officer (current position)</p> <p>In charge of: Securities Investment Department, Business Administration and System Department, Operation Department, Consulting Department (deputy in charge)</p>	Common shares 10,600 shares
<p>Reasons for nomination as a candidate for Director</p> <p>He has extensive operational experience in the relationship banking strategy division, international division, asset management division, business administration and system division, and operation division. Furthermore, he served as Executive Officer from June 2018 and as Director and Managing Executive Officer from June 2020, and has performed those duties and responsibilities appropriately. Judging that he can draw on this experience and knowledge to contribute to the Bank's management, we have nominated him as a candidate for Director.</p>			



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
5	 <p>*Susumu Okabe (November 15, 1962)</p>	<p>April 1985      Joined the Bank  October 2008    General Manager of Hasuda Branch  July 2014        Deputy General Manager of Integrated Planning Department  February 2018   General Manager of Integrated Planning Department  January 2020    Executive Officer, General Manager of Integrated Planning Department  June 2022       Managing Executive Officer, General Manager of Integrated Planning Department, Director of Towa Bank Economic Research Center (current position)</p> <p>In charge of:  General Manager of Integrated Planning Department,  General Manager of Towa Bank Economic Research Institute (commissioned), General Affairs Department</p>	Common shares 13,400 shares
<p>Reasons for nomination as a candidate for Director  He has extensive operational experience in the integrated planning division and general affairs division. Furthermore, he served as the General Manager of the Hasuda Branch and is well-versed in overall banking operations. He has also performed his duties and responsibilities appropriately as Executive Officer from January 2020 and as Managing Executive Officer from June 2022. Judging that he can draw on this experience and knowledge to contribute to the Bank's management, we have nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
6	 <p data-bbox="357 824 563 887">Takeshi Mizuguchi (January 14, 1962)</p>	<p data-bbox="596 331 1123 360">April 1984      Joined Nichimen Corporation</p> <p data-bbox="596 371 1139 400">October 1989    Joined Eiwa Audit Corporation</p> <p data-bbox="596 412 1038 441">September 1990    Joined TAC CO., Ltd.</p> <p data-bbox="596 452 1225 517">April 1997      Lecturer of Faculty of Economics, Takasaki City University of Economics</p> <p data-bbox="596 528 1235 622">April 2000      Associate Professor of Faculty of Economics, Takasaki City University of Economics</p> <p data-bbox="596 633 1230 698">October 2001    Ph.D. (Business Administration), Meiji University</p> <p data-bbox="596 710 1230 775">April 2008      Professor of Faculty of Economics, Takasaki City University of Economics</p> <p data-bbox="596 786 1225 851">April 2017      Vice President and Trustee of Takasaki City University of Economics</p> <p data-bbox="596 862 1211 927">June 2019      Outside Director of the Bank (current position)</p> <p data-bbox="596 938 1235 1088">April 2021      President of Takasaki City University of Economics (current position) Vice Chairman of Takasaki City University of Economics (current position)</p>	Common shares 4,600 shares
<p data-bbox="331 1099 1318 1128"><b>Reasons for nomination as a candidate for outside Director and outline of expected roles</b></p> <p data-bbox="331 1133 1394 1429">He has extensive experience and broad insight, having served as the President of the Takasaki City University of Economics, as the Chairman of the Green Finance Study Group of the Ministry of the Environment, as the Chairman of the Expert Panel on Sustainable Finance of the Financial Services Agency, and as the Chairman of the Impact Consortium. The Bank deems that he can provide suggestions and raise issues based on his specialized experience and knowledge and contribute to enhancing the effectiveness of the decision-making function and supervisory function of the Board of Directors, and that he can appropriately fulfill his role, and has nominated him as a candidate for outside Director. He has never in the past been directly involved in the management of a company, except as an outside director. However, the Bank judges he will appropriately fulfill his duties as an outside Director based on the above reason.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
7	 Rikako Onishi (June 16, 1974)	<p>April 1997      Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)</p> <p>October 2002    Representative Director of Kotora Co., Ltd. (current position)</p> <p>March 2017      External Director of Bell-Park Co., Ltd. (current position)</p> <p>June 2019        Outside Director of the Bank (current position)</p> <p>December 2021   Outside Director of Keystone Partners Co., Ltd. (current position)</p> <p>April 2022        Outside Director (Audit and Supervisory Committee Member) of Material Group Inc. (current position)</p> <p>March 2023      Outside Director of Mercuria Holdings Co., Ltd. (current position)</p>	Common shares 2,700 shares
<p>Reasons for nomination as a candidate for outside Director and outline of expected roles            She has extensive experience and broad insight in placement of professional human resources for financial institutions and consulting companies, human resource evaluations of the management of business companies, and hiring strategy from her operational experience at financial institutions and as the manager at a professional human resources placement company. The Bank deems that she can use this knowledge to provide suggestions and raise issues especially from a viewpoint as a corporate manager and contribute to enhancing the effectiveness of the decision making function and supervisory function of the Board of Directors, and that she can appropriately fulfill her role, and has nominated her as a candidate for outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
8	 *Akira Maruyama (December 26, 1985)	December 2016 Completed training at the Legal Training and Research Institute of Japan, the Supreme Court of Japan Joined Maruyama Law Office Senior Partner (current position) September 2023 Completed the Executive MBA essence (Global) program at Institute for Business and Finance, Waseda University April 2024 Executive Member of Gunma Bar Association (current position)	–
<p>Reasons for nomination as a candidate for outside Director and outline of expected roles</p> <p>As a lawyer, he has high insight and specialized knowledge regarding legal affairs in general, and he is widely active in corporate and financial legal matters with particular expertise. The Bank deems that he can provide suggestions and raise issues using this specialized knowledge and contribute to enhancing the effectiveness of the decision-making function and supervisory function of the Board of Directors, and that he can appropriately fulfill his role. Therefore, the Bank has nominated him as a candidate for outside Director. Although he has never been directly involved in the management of a company, the Bank judges that he will appropriately fulfill his duties as an outside Director based on the above reasons.</p>			

(Notes)


- Asterisk(\*) denotes a new candidate for Director.
- There is no special interest between any of the candidates and the Bank.
- Mr. Takeshi Mizuguchi, Ms. Rikako Onishi and Mr. Akira Maruyama are candidates for outside Directors. At the conclusion of this meeting, tenures of Mr. Takeshi Mizuguchi and Ms. Rikako Onishi as outside Director of the Bank will have been five years.
- Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Bank has entered into agreements with Mr. Takeshi Mizuguchi and Ms. Rikako Onishi to limit their liability for damages under Article 423, paragraph (1) of the same Act. If their elections are approved, the Bank plans to renew the respective agreements with each one of them. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If the election of Mr. Akira Maruyama is approved, the Bank plans to enter into the above-mentioned agreement with him.
- The Bank has entered into a directors and officers liability insurance (“D&O insurance”) policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by insureds including Directors of the Bank in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). If the candidates are elected and appointed as Directors, they will become insureds in the policy. Furthermore, the Bank plans to renew the policy at the time of the next renewal based on a resolution at the Board of Directors.
- The Bank has submitted notification to the Tokyo Stock Exchange that Mr. Takeshi Mizuguchi and Ms. Rikako Onishi have been designated as independent officers as provided for by the aforementioned exchange. If the election of Mr. Akira Maruyama is approved, the Bank plans to designate him as an independent officer as provided for by the aforementioned exchange.


## Proposal No. 3 Election of Three Audit & Supervisory Board Members


At the conclusion of this meeting, the terms of office of Audit & Supervisory Board Members Kiyomi Osawa, Masami Hashimoto, and Junko Saito will expire. As such, the Bank is requesting the election of three Audit & Supervisory Board Members.

We have received the evaluation results from the external evaluation committee stating that the nomination of the candidates for Audit & Supervisory Board Member is appropriate. Furthermore, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary, position in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
1	 Masami Hashimoto (February 15, 1957)	April 1979      Joined the Bank October 2001    General Manager of Tatebayashi Station Branch July 2008        Deputy General Manager of Finance and Accounting Department October 2010    General Manager of Finance and Accounting Department January 2017    Executive Officer, General Manager of Finance and Accounting Department January 2019    Managing Executive Officer, General Manager of Finance and Accounting Department June 2019        Managing Executive Officer June 2021        Full-time Audit & Supervisory Board Member (current position)	Common shares 36,138 shares
Reasons for nomination as a candidate for Audit & Supervisory Board Member He has extensive operational experience in the audit division, compliance management division, credit assessment division, and finance and accounting division, giving him a thorough knowledge of the overall banking operations. Based on his experience and knowledge, the Bank judges that he can express objective opinions from a neutral standpoint and appropriately execute his duties as an Audit & Supervisory Board Member, and has nominated him as a candidate for Audit & Supervisory Board Member.			

Candidate No.	Name (Date of birth)	Career summary, position in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
2	 <p>*Nobuyuki Sakurada (July 17, 1963)</p>	<p>April 1987      Joined the Bank  June 2013      General Manager of Higashidaira Branch  June 2016      General Manager of Tsuruse Branch  June 2018      Deputy General Manager of Internal Audit Department  June 2019      General Manager of Internal Audit Department (current position)</p>	<p>Common shares 3,600 shares</p>
<p>Reasons for nomination as a candidate for Audit &amp; Supervisory Board Member  He has extensive operational experience in the credit assessment division, credit assessment management division and audit division. Furthermore, he also has exceptional frontline awareness, having served as the General Manager of Higashidaira Branch and Tsuruse Branch, giving him a thorough knowledge of the overall banking operations. Based on his experience and knowledge, the Bank judges that he can express objective opinions from a neutral standpoint and appropriately execute his duties as an Audit &amp; Supervisory Board Member, and has nominated him as a candidate for Audit &amp; Supervisory Board Member.</p>			

Candidate No.	Name (Date of birth)	Career summary, position in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
3	 Junko Saito (May 18, 1953)	April 1972 Hired as Tax Office public servant July 2007 Deputy District Director of Ageo Tax Office July 2009 Internal Inspector, Kanto Shinetsu Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency July 2011 Chief Tax Counselor, Tax Counsel Office, Management and Co-ordination Department of Kanto Shinetsu Regional Taxation Bureau July 2012 District Director of Isesaki Tax Office Retired at mandatory age July 2014 Registered as a certified tax accountant August 2014 Representative of Junko Saito Tax Accountant Office (current position) June 2022 Outside Audit & Supervisory Committee Member of the Bank (current position)	Common shares 1,700 shares
Reasons for nomination as a candidate for outside Audit & Supervisory Board Member She has served in important positions at the National Tax Agency and has extensive experience and broad insight. Furthermore, she has thorough knowledge of corporate accounting practices as a certified tax accountant, and so that she can use this experience and insight in auditing the Bank's management, the Bank has nominated her as a candidate for outside Audit & Supervisory Board Member. She has never in the past been directly involved in the management of a company, except as an outside director. However, the Bank judges that she will appropriately fulfill her duties as an outside Audit & Supervisory Board Member based on the above reasons.			

(Notes)

- Asterisk(\*) denotes a new candidate for Audit & Supervisory Board Member
- There is no special interest between any of the candidates and the Bank.
- Ms. Junko Saito is a candidate for outside Audit & Supervisory Board Member.
- At the conclusion of this meeting, Ms. Junko Saito's tenure as Audit & Supervisory Board Member of the Bank will have been two years from the conclusion of this meeting.
- Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Bank has entered into an agreement with Ms. Junko Saito to limit her liability for damages under Article 423, paragraph (1) of the same Act. If her election is approved, the Bank plans to continue the agreement with her. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
- The Bank has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by insureds including Audit & Supervisory Board Members of the Bank in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). If the candidates are elected and appointed as Audit & Supervisory Board Members, they will become insureds in the policy. Furthermore, the Bank plans to renew the policy at the time of the next renewal based on a resolution at the Board of Directors.
- The Bank has submitted notification to the Tokyo Stock Exchange that Ms. Junko Saito has been designated as an independent officer as provided for by the aforementioned exchange.

(Reference)

Skills matrix of Directors and Audit & Supervisory Board Members (if the candidates are elected at this General Meeting of Shareholders)

	Name			Experience and expertise										
				Corporate management and management strategy	Legal affairs and compliance	Risk management	Finance and accounting	Sales	Corporate credit administration and management improvement	Market operations	Human resources, general affairs, and human resource development	IT and digital	ESG and sustainability	
Director	Hiroshi Ebara			●	●	●	●	●	●	●		●		
	Hiroyuki Sakurai			●	●	●		●	●			●	●	
	Isao Kitazume			●		●		●	●					●
	Shimichiro Suzuki			●				●			●		●	
	Susumu Okabe			●		●		●				●		
	Takeshi Mizuguchi	Outside	Independent	●	●		●					●		●
	Rikako Onishi	Outside	Independent	●		●		●				●	●	●
	Akira Maruyama	Outside	Independent	●	●	●				●				
Audit & Supervisory Board Member	Masami Hashimoto			●	●	●	●		●					
	Nobuyuki Sakurada			●	●	●		●	●					
	Shinichi Kato	Outside	Independent	●			●		●			●		
	Junko Saito	Outside	Independent	●			●		●			●		

\* The above list does not show all the experience or expertise possessed by Directors or Audit & Supervisory Board Members.




## Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

To prepare for cases in which the number of Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) falls short of the number prescribed by laws and regulations, based on Article 329, paragraph (3) of the Companies Act, the Bank is requesting the election of one substitute Audit & Supervisory Board Member.

We have received the evaluation results from the external evaluation committee stating that the nomination of the candidate for substitute Audit & Supervisory Board Member is appropriate. Furthermore, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Bank, and significant concurrent positions outside the Bank	Class and number of Bank shares owned
 <p data-bbox="236 1048 429 1111">Shu Hamba (August 21, 1965)</p>	<p data-bbox="483 768 1246 797">April 1993 Registered with Dai-ichi Tokyo Bar Association</p> <p data-bbox="483 808 1246 837">April 1993 Joined Iwata Godo</p> <p data-bbox="483 848 1246 911">February 2004 Registered as an attorney-at-law admitted in New York, United States of America</p> <p data-bbox="483 922 1246 952">March 2010 Outside Auditor of Caterpillar Japan Ltd.</p> <p data-bbox="483 963 1246 992">June 2010 Outside Director of SMBC Servicer Co., Ltd.</p> <p data-bbox="483 1003 1246 1032">August 2010 Joined Shimada Hamba &amp; Osajima (current position)</p> <p data-bbox="483 1043 1246 1072">March 2012 Outside Director of Shoei Co., Ltd.</p> <p data-bbox="483 1084 1246 1146">June 2012 Substitute Audit &amp; Supervisory Board Member of the Bank (current position)</p>	<p data-bbox="1321 949 1337 965">-</p>
<p data-bbox="197 1162 1391 1339"><b>Reasons for nomination as a candidate for substitute outside Audit &amp; Supervisory Board Member</b> He has extensive experience and broad insight in the legal field as an attorney. So that he can use this experience and insight in auditing the Bank's management, the Bank has nominated him as a candidate for substitute outside Audit &amp; Supervisory Board Member. He has never in the past been directly involved in the management of a company, except as an outside director. However, the Bank judges that he will appropriately fulfill his duties as an outside Director based on the above reasons.</p>		

- (Notes)
1. There is no special interest between the candidate and the Bank.
  2. Mr. Shu Hamba is a candidate for substitute outside Audit & Supervisory Board Member.
  3. If Mr. Shu Hamba assumes the office of Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Bank plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the same Act.  
The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
  4. The Bank has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by insureds including Audit & Supervisory Board Members of the Bank in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). If Mr. Shu Hamba assumes the office of Audit & Supervisory Board Member, he will be included as an insured in the policy.
  5. If Mr. Shu Hamba assumes the office of Audit & Supervisory Board Member, the Bank plans to submit notification to the Tokyo Stock Exchange concerning his designation as an independent officer as provided for by the aforementioned exchange.

## Shareholder Proposals (Proposal No. 5 through Proposal No. 7)

Proposal No. 5 through 7 are proposed by a shareholder. The number of voting rights held by the proposing shareholder (one shareholder) is 333.

The proposal details and reason for proposal for each proposal below are the original text as submitted by the proposing shareholder, except for formalistic revisions or the correction of obvious factual errors.

The Bank's Board of Directors **opposes all the shareholder proposals**.

### Proposal No. 5 Amendment to the Articles of Incorporation regarding the Appropriation of Surplus

#### Proposal details

Renumber the current Article 40 of the Articles of Incorporation as Article 40, paragraph 1, and insert a new paragraph 2 thereafter as worded below. Also, make this amendment to the Articles of Incorporation effective upon approval of Proposal No. 5 by this meeting.

(Article 40, paragraph 2)

For each fiscal year, the Bank shall aim to pay the year-end dividends within an amount equal to or greater than 2% of net assets, not exceeding the distributable amount and using other retained earnings as the resource; provided, however, that this does not apply to cases where there is a clear and reasonable need for the Bank to have to pay shareholders an amount less than required herein and where the Bank provides an appropriate explanation of the reasonable need.

#### Reason for proposal

Whereas the Bank is a sound financial institution that primarily operates in the northern Kanto region, an area neighboring Tokyo, its price-to-book ratio (PBR) is low at 0.24 (as of April 5, 2024; the TSE Prime Market average being 1.44).

This is partly attributable to the Bank's unstable distribution of dividends that has resulted from reducing its dividend per share from ¥40 (for fiscal 2019) to ¥25 (the amount that was paid for fiscal 2021 and fiscal 2022, and the amount forecasted for fiscal 2023) due to weak earnings amid the COVID-19 pandemic.

Fundamentally, banking businesses deliver stable earnings although affected by monetary policy and economic trends, and are thus suitable to adopt the policy of distributing consistent dividends based on net assets. The proposed dividend on equity (DOE) of 2%, which would be equal to a dividend payout ratio of 33.3% if assuming the return on equity (ROE) of 6%, is deemed appropriate even compared to other banks. Given that the Bank's inconsistent distribution of dividends is considered a cause for its low share price, I submit this proposal for the reason that the introduction of DOE based on shareholders' equity is expected to bring consistency to shareholder returns and thereby result in a stable shareholder composition over the long term.

## **Board of Directors' opinion on Proposal No. 5**

The Bank's Board of Directors **opposes Proposal No. 5** for the reasons stated below.

As a regional financial institution, the Bank believes that what it should do is to perform the financial intermediary function for local customers and thereby contribute to the invigoration and advancement of the regional economy. With regard to shareholder returns, therefore, bearing in mind its mission to society as a regional financial institution, the Bank has continued to distribute consistent dividends to shareholders premised on its effort to maintain sound management and increase retained earnings, in order to meet the trust of local customers.

In the recent formulation of a new medium-term management plan, the Bank's Board of Directors resolved to adopt a dividend policy where it aims to maintain a total payout ratio of 30% or more based on the ongoing consistent distribution of dividends. In accordance with this policy and in light of its financial results forecast and the business environment going forward, the Bank plans to distribute an annual dividend of ¥30 per share for the year ending March 31, 2025, a ¥5 increase from the ¥25 paid for the year ended March 31, 2023.

With respect to the proposed amendment to the Articles of Incorporation, the Bank is of the opinion that, as the Articles of Incorporation are supposed to stipulate fundamental matters on corporate organizations and operations, it is not appropriate to stipulate specific, isolated matters therein because that would harm the agility and flexibility of business execution.

For these reasons, the Bank considers it best to implement its shareholder return measures in accordance with the aforementioned dividend policy, based not on the Articles of Incorporation but on the Board of Directors resolutions.

Therefore, the Bank's Board of Directors **opposes Proposal No. 5**.

## Proposal No. 6 Amendment to the Articles of Incorporation regarding Share Buybacks

### Proposal details

Renumber the current Article 7 of the Articles of Incorporation as Article 7, paragraph 1, and insert a new paragraph 2 thereafter as worded below. Also, make this amendment to the Articles of Incorporation effective upon approval of Proposal No. 6 by this meeting.

(Article 7, paragraph 2)

For each fiscal year, the Board of Directors shall buy back the Bank's own shares, with the total acquisition value equal to or greater than 1% of shareholders' equity as of the end of that fiscal year but not in excess of the distributable amount, until the Bank's share price reaches the level where its price-to-book ratio is 1.

### Reason for proposal

Share prices are driven to some extent by the macroeconomic environment and stock market trends, and hence not necessarily linked to each company's earnings and financial position. Nevertheless, if a company conducts a share buyback when the share price is low, that will not only improve profitability but also increase the company's value because management's attitude that shows the intention of not leaving the share price low reassures the shareholders.

For the nine months ended December 31, 2023, where the regional economy began regaining momentum thanks in part to the containment of the COVID-19 pandemic and rising wages, the Bank's ordinary profit amounted to ¥3,565 million, already well exceeding the full-year forecast of ¥2,500 million. Furthermore, as Japan's central bank ended its negative interest rate policy, the Bank's net interest margin is likely to improve going forward. In spite of the Bank's earnings being on the path to recovery as indicated above, though, its share price remains low. This suggests the anxiety of shareholders about the attitude of management that has not strived to repay public funds or conducted a share buyback, thereby leaving the share price low. To eliminate this anxiety and regain the trust of shareholders, I request that the Bank continue to conduct share buybacks until the share price exceeds the level where its PBR is 1.

## **Board of Directors' opinion on Proposal No. 6**

The Bank's Board of Directors **opposes Proposal No. 6** for the reasons stated below.

As a regional financial institution, the Bank believes that what it should do is to perform the financial intermediary function for local customers and thereby contribute to the invigoration and advancement of the regional economy. With regard to shareholder returns, therefore, bearing in mind its mission to society as a regional financial institution, the Bank has continued to distribute consistent dividends to shareholders premised on its effort to maintain sound management and increase retained earnings, in order to meet the trust of local customers.

In the recent formulation of a new medium-term management plan, the Bank's Board of Directors resolved to adopt a dividend policy where it aims to maintain a total payout ratio of 30% or more based on the ongoing consistent distribution of dividends. With regard to share buybacks, the Bank intends to consider them in a flexible manner, from the perspective of raising capital efficiency as well. However, given that what it should do is to ensure a solid management foundation over the long term through appropriate capital allocation and fully perform its financial intermediary function for local customers, the Bank considers it best to examine and implement share buybacks in accordance with the aforementioned dividend policy and as part of its shareholder return measures that include annual dividends.

With respect to the proposed amendment to the Articles of Incorporation, the Bank is of the opinion that, as the Articles of Incorporation are supposed to stipulate fundamental matters on corporate organizations and operations, it is not appropriate to stipulate specific, isolated matters therein because that would harm the agility and flexibility of business execution.

For these reasons, the Bank considers it best to implement its shareholder return measures in accordance with the aforementioned dividend policy, based not on the Articles of Incorporation but on the Board of Directors resolutions.

Therefore, the Bank's Board of Directors opposes Proposal No. 6.

## Proposal No. 7 Amendment to the Articles of Incorporation regarding the Publication of Materials Explaining Financial Results

### Proposal details

Add to the Articles of Incorporation a new stipulation as worded below. Also, make this amendment to the Articles of Incorporation effective upon approval of Proposal No. 7 by this meeting.

(Chapter VII: Other)

Article 43. (Publication of Materials Explaining Financial Results)

For each quarter, the Bank shall publish materials explaining its financial results that contain the following information:

- (1) Measures to improve ordinary income and progress thereon;
- (2) Digital strategy and progress thereon;
- (3) Cost-reduction measures and progress thereon;
- (4) Capital policy and progress thereon (including the path to the repayment of public funds);
- (5) Medium-term management plan and progress thereon; and
- (6) Basic policy for the enhancement of corporate value and measures to achieve it (including shareholder return measures).

### Reason for proposal

Whereas Japan's central bank ended its negative interest rate policy, the environment in which regional banks operate remains severe due mainly to the falling birthrate and aging population and to competition with online-only banks. In this circumstance, management is required to navigate the Bank with strong determination by formulating and disclosing a medium-term management plan that includes strategies on digital transformation, lending, investment, cost reduction, capital structure, and shareholder returns, among other issues.

Given that the present outstanding balance of public funds in the Bank stands at ¥15.0 billion, making early repayment is expected to allow for the agile management of the Bank moving forward. Its retained earnings (more than ¥71.8 billion as of December 31, 2023), the repayment resource, exceed the level for the recent fiscal year (ended March 31, 2018, at more than ¥68.3 billion) in which the Bank made a ¥20.0 billion repayment of public funds in May 2018. Nonetheless, the outstanding balance of public funds has not been repaid. To resolve the situation in which inadequate explanations of management strategy cause shareholders' anxiety and are partly responsible for the low share price, I request that the Bank formulate and disclose a detailed medium-term management plan and explain progress thereon in an intelligible manner in materials explaining financial results.

## **Board of Directors' opinion on Proposal No. 7**

The Bank's Board of Directors **opposes Proposal No. 7** for the reasons stated below.

Since the government's capital participation with public funds, the Bank has formulated management improvement plans and proactively supported local customers while disclosing progress on these efforts. Now that the Bank has fully repaid public funds, it has formulated a new medium-term management plan centered around the Bank's purpose, setting both financial and nonfinancial key performance indicators (KPIs) to enhance its corporate value further.

Going forward, while continuing to disclose its financial statements, including earnings, expenses, and other items, in an appropriate manner in compliance with accounting rules, the Bank intends to properly disclose progress on the financial and nonfinancial KPIs set in the medium-term management plan and other matters through such means as proactive investor relations activities and integrated reports in keeping with the purpose of the disclosure system.

With respect to the proposed stipulation in the Articles of Incorporation pertaining to details of information to be disclosed, the Bank is of the opinion that such stipulation would disturb the agile management of disclosure and investor relations activities, and thus the amendment to the Articles of Incorporation is not needed.

Therefore, the Bank's Board of Directors opposes Proposal No. 7.