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June 26, 2025

Company: THE TOWA BANK, LTD.

(Securities code: 8558; Tokyo Stock Exchange Prime Market)

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Notice Concerning the Issuance of Stock Acquisition Rights as Stock Compensation-Type Stock Options

THE TOWA BANK, LTD. (the “Bank”) hereby announces that, at a meeting of its Board of Directors on June 26, 2025, pursuant to Articles 236, 238, and 240 of the Companies Act, it has resolved to determine the subscription details of stock compensation-type stock options to be allotted to the Bank’s Directors (excluding Outside Directors) and Executive Officers, and to solicit subscribers to the said stock acquisition rights, as described below.

1. Reason for issuing stock acquisition rights as stock compensation-type stock options

The Bank has been issuing stock acquisition rights as stock compensation-type stock options since FY2010 in order to strengthen the link between the compensation of Directors (excluding Outside Directors) and Executive Officers and the stock price that reflects corporate value, thereby raising their motivation to improve medium- to long-term performance and contribute to the enhancement of corporate value, as well as to foster awareness of management with a stronger emphasis on shareholders and awareness of the sustainable development of corporate value.

2. Overview of issuance of stock acquisition rights

(1) Name of stock acquisition rights

THE TOWA BANK, LTD. 16th issuance of stock compensation-type stock acquisition rights

(2) Recipients of allotment

4 Directors (excluding Outside Directors) and 9 Executive Officers

(3) Total number of stock acquisition rights: 10,000

The number indicated above is the number of stock acquisition rights to be allotted. In the event that the scheduled total number is reduced because, for example, an offer to subscribe for stock acquisition rights has not been made, the total number of stock acquisition rights allotted shall be considered the total number of stock acquisition rights to be allotted.

(4) Class and number of shares underlying the stock acquisition rights

The class of shares underlying the stock acquisition rights shall be common stock of the Bank, and the number of shares underlying each stock option (the “number of shares to be granted”) shall be 10 shares. If the Bank conducts a share split (including the allotment of the Bank’s common shares without contribution; hereinafter the same applies in the description of share splits) or share consolidation of its common stock after the date of allotment of stock acquisition rights (the “Allotment Date”) specified in (14), the number of shares to be granted shall be adjusted according to the following formula. However, such adjustments shall be made for the number of shares underlying the stock acquisition rights that remain unexercised at the time of the share split or consolidation, and any fractions of one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of share split or consolidation

In addition, in the event that the Bank effects a merger, split or stock exchange other than those described above after the Allotment Date, requiring the adjustment of the number of granted shares, the Bank has the right to adjust such a number as necessary at a meeting of the Board of Directors.

(5) Value of property to be contributed upon exercise of stock acquisition rights

The value of property to be contributed upon exercise of each stock acquisition right shall be calculated by multiplying the payment price per share of the shares eligible to be granted upon exercise of the stock acquisition rights (assumed to be one yen) by the number of granted shares.

(6) Method of calculating the amount to be paid in for stock acquisition rights

The amount to be paid in for each stock acquisition right is calculated using the Black-Scholes model on the Allotment Date of stock acquisition rights. This amount shall be the fair value of the stock acquisition rights and, pursuant to the provisions of Article 246, Paragraph 2 of the Companies Act, the allottees shall offset the amount payable for the stock acquisition rights against the compensation claims they hold against the Bank as of the Allotment Date, and shall not be required to make any cash payment in exchange for the stock acquisition rights.

(7) Period during which stock acquisition rights may be exercised

From August 9, 2025 to August 8, 2050.

(8) Conditions for the exercise of stock acquisition rights

- A. A holder of stock acquisition rights may only exercise the stock acquisition rights for a limited period of ten days from the day after the date on which he or she loses his or her position as a Director or Executive Officer of the Bank.
- B. If a proposal is approved at the Bank's shareholders' meeting (or, in cases where a shareholders' meeting resolution is not required, if a resolution of the Bank's Board of Directors is made) regarding a merger agreement in which the Bank becomes the dissolving company, or a proposal regarding a share exchange agreement or share transfer plan in which the Bank becomes a wholly owned subsidiary, the exercise of this stock acquisition right shall be permitted only during the 30-day period commencing on the day following the date of such approval. However, this shall not apply to cases where the stock acquisition rights of the reorganized company are issued in accordance with the provisions regarding the issuance of stock acquisition rights accompanying the organizational restructuring as specified in (12) below.
- C. The holder of the stock acquisition rights must exercise all of the stock acquisition rights allotted to him/her at one time.
- D. If a holder of stock acquisition rights loses his or her position as a Director or Executive Officer during the period from the date of the Annual General Meeting of Shareholders of the current fiscal year to the date of the Annual General Meeting of Shareholders of the following fiscal year, the number of stock acquisition rights allocated to said Director or Executive Officer shall be multiplied by the number of months he or she served during the period from the date of the Annual General Meeting of Shareholders of the current fiscal year to the date of the Annual General Meeting of Shareholders of the following fiscal year (with any fraction of a month rounded up to one month), and then divide the result by 12. The resulting number shall be the maximum number of new stock acquisition rights that may be exercised. In addition, the number of stock acquisition rights that can be exercised shall be rounded down to the nearest whole number, with any fraction less than one being disregarded.
- E. The holder of stock acquisition rights may not exercise the stock acquisition rights if any of the following apply.
 - (i) If the holder of stock acquisition rights violates the law (including, but not limited to, Article 331, Paragraph 1, Items 3 and 4 of the Companies Act)
 - (ii) If the holder of stock acquisition rights is dismissed from his or her position as a Director or Executive Officer of the Bank
 - (iii) If the holder of stock acquisition rights submits a written statement indicating that he or she wishes to waive all or some of the stock acquisition rights
- F. If the holder of the stock acquisition rights should pass away, the heir of the holder of stock

acquisition rights shall inherit the stock acquisition rights and be entitled to exercise such rights in accordance with the provisions of the stock acquisition rights allocation agreement concluded between the Bank and the holder of stock acquisition rights.

- (9) Matters concerning increases in share capital and legal capital surplus upon the issuance of shares due to the exercise of stock acquisition rights
- A. In the event of the issuance of shares due to the exercise of stock acquisition rights, increases in the amount of share capital shall be half of the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulation of Corporate Accounting. Fractions less than one yen will be rounded up.
 - B. In the event of the issuance of shares due to the exercise of stock acquisition rights, increases in the amount of legal capital surplus shall be the amount calculated by subtracting the increased share capital provided in the preceding section A from the maximum increases in stated capital provided in the preceding section A.
- (10) Conditions for the acquisition of stock acquisition rights
- A. In the event any of the following proposals (i) to (v) is approved at an Annual General Meeting of Shareholders of the Bank (or a meeting of the Board of Directors of the Bank if a resolution at a shareholder meeting is not necessarily needed), the Bank may acquire stock acquisition rights without compensation on a date separately set by the Board of Directors of the Bank.
 - (i) A proposal to approve a merger agreement by which the Bank would be the dissolving company (excluding cases where the merger agreement stipulates that the surviving company will issue stock acquisition rights)
 - (ii) A proposal to approve an absorption-type split agreement or an incorporation-type company split plan whereby the Bank becomes the split company
 - (iii) A proposal to approve a share exchange agreement or share transfer plan whereby the Bank becomes a wholly owned subsidiary (excluding cases where the share exchange agreement or share transfer plan stipulates the issuance of stock acquisition rights of the company that will become the wholly owning parent company)
 - (iv) A proposal to approve an amendment in the Articles of Incorporation to create the provisions therein to the effect that, as a feature of all shares the Bank issues, the approval of the Bank is required for the acquisition of relevant shares by transfer
 - (v) A proposal to approve an amendment in the Articles of Incorporation to create the provisions therein to the effect that, as a feature of shares underlying the stock acquisition rights, the approval of the Bank is required for the acquisition of relevant shares by transfer or that the resolution at an Annual General Meeting of Shareholders is required for the Bank's acquisition of all shares

- B. In the event that a holder of stock acquisition rights is prohibited to exercise all or part of his or her stock acquisition rights, the Bank may acquire stock acquisition rights without compensation on a date separately set by the Board of Directors of the Bank.

(11) Restrictions on the acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer shall be approved by the Board of Directors of the Bank.

(12) Matters concerning the issuance of stock acquisition rights accompanying organizational restructuring

If the Bank undergoes a merger (limited to the case in which it is dissolved through the merger), an absorption- or incorporation-type split, or conducts a share exchange or transfer (collectively, the “organizational restructuring”), the stock acquisition rights of relevant stock companies listed in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the “Reorganized Companies”) shall be respectively delivered to stock acquisition rights holders holding the remaining stock acquisition rights (the “Remaining Stock Acquisition Rights”) immediately preceding the effective date of the reorganization under the conditions set forth below. However, this shall only occur on the condition that the delivery of stock acquisition rights of the Reorganized Company according to the following conditions is stipulated in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type split agreement, the incorporation-type company split plan, the share exchange agreement, or the share transfer plan.

A. Number of the Reorganized Company’s stock acquisition rights to be delivered

The same number of stock acquisition rights as the number of Remaining Share Acquisition Rights held by a holder of stock acquisition rights shall be delivered to the recipient.

B. Class of the Reorganized Company’s shares underlying the stock acquisition rights

Common shares of the Reorganized Company

C. Number of the Reorganized Company’s shares underlying the stock acquisition rights

Considering the conditions of the organizational restructuring and such factors, a decision shall be made in accordance with (4).

D. Value of property to be contributed upon exercise of stock acquisition rights

The value of property to be contributed upon exercise of delivered stock acquisition rights is calculated by multiplying the post-reorganization payment price determined as described in the following paragraph by the number of shares of the Reorganized Company underlying the stock acquisition rights, which is decided as specified in the preceding section C. The post-reorganization payment price is calculated on the assumption that the price per share of the Reorganized Company’s shares, which can only be delivered through the exercise of stock acquisition rights granted, is one yen.

E. Period during which stock acquisition rights may be exercised

From the starting day of the exercise period of stock acquisition rights as specified in (7) or the date on which the organizational restructuring takes effect, whichever is later, to the

last day of the exercise period as specified in (7).

F. Matters concerning increases in share capital and legal capital surplus upon the issuance of shares due to the exercise of stock acquisition rights

A decision shall be made in accordance with (9).

G. Restrictions on the acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer shall require approval of the Board of Directors of the Reorganized Company.

H. Conditions for the exercise of stock acquisition rights

A decision shall be made in accordance with (8).

I. Conditions for the acquisition of stock acquisition rights

A decision shall be made in accordance with (10).

(13) Handling of fractions of less than one share arising from the exercise of stock acquisition rights

In the number of shares to be delivered to the recipient of stock acquisition rights who has exercised such rights, any fraction of less than one share shall be rounded down.

(14) Date of allotment of stock acquisition rights

August 8, 2025

(15) Payment location for exercise of stock acquisition rights

THE TOWA BANK, LTD. Head Office, Sales Department

(16) Other

Other items are as prescribed in the stock acquisition rights allotment agreement concluded between the Company and the holder of stock acquisition rights.