



May 9, 2025

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Notice Concerning Introduction of Stock Remuneration Plan for Employees

The Nanto Bank, Ltd. (the “Bank”) hereby announces that it has decided today to introduce a “Stock Remuneration Plan” (the “Plan”) for employees (“Employees”) of the Bank and its group companies (“Eligible Companies”), as well as the details of the Plan, including the period and total value of shares to be acquired, as described below.

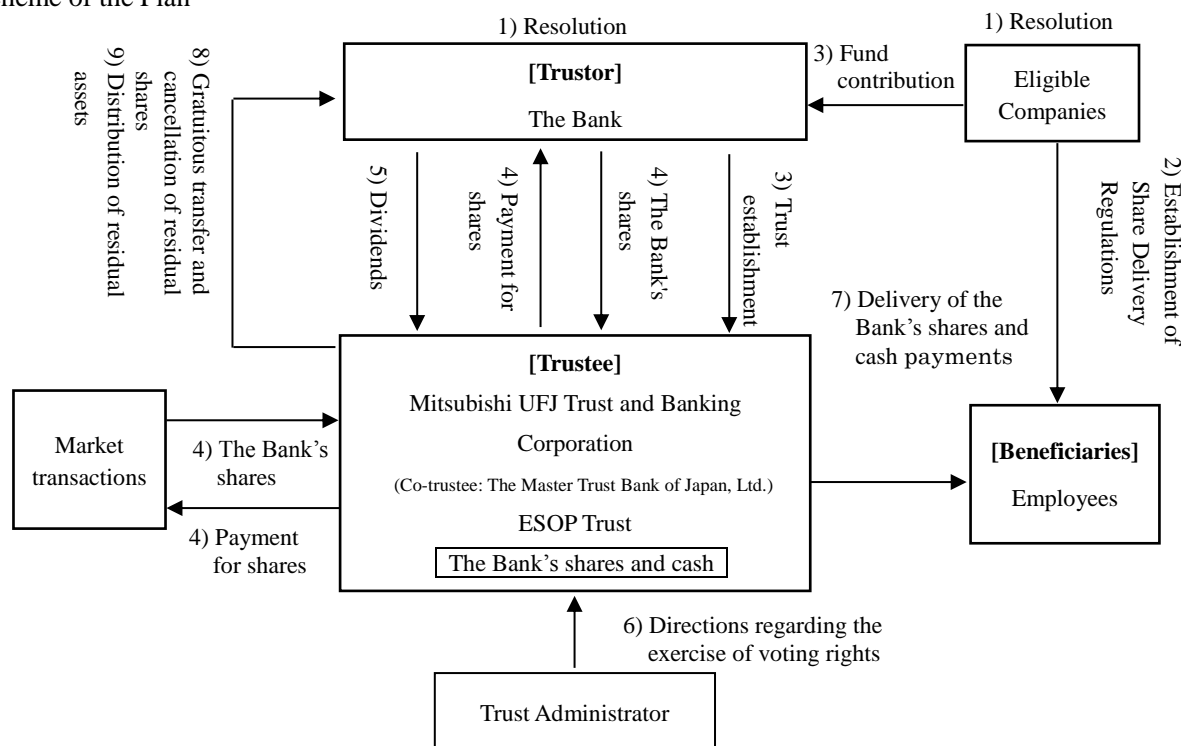
1. Purpose of introducing the Plan

- (1) The Nanto Bank Group has formulated a medium-term management plan covering the three-year period from April 2025, entitled “Creating Regional Vitality Through the Power of Human Assets,” with the aim of achieving its management plan, “Nanto Mission and Objectives for the Next 10 Years,” launched in 2020, and further enhancing its corporate value.

As one of the pillars of the medium-term management plan, the Group has set the goal of “fostering human assets who think and act independently to resolve local issues.” In line with its efforts to provide growth opportunities for Employees and promote diversity among its human assets, the Group has decided to introduce the Plan as part of its investment in human capital. By aligning the interests of Employees with those of its shareholders, the Group aims to raise Employee’s awareness of the importance of improving business performance and stock price, while also enhancing their motivation to contribute to regional development and the creation of corporate value.

- (2) The Plan adopts a scheme known as the Employee Stock Ownership Plan (ESOP) Trust (the “ESOP Trust”). The ESOP Trust is an employee incentive plan modeled after the U.S. ESOP system. Under this arrangement, the ESOP Trust acquires the Bank’s shares and distributes them to Employees in accordance with pre-established Share Delivery Regulations.
- (3) By introducing this Plan, Employees will be able to benefit financially from increases in the price of the Bank’s shares. This is expected to prompt Employees to perform their duties in a manner more attuned to stock price movements and to help boost their motivation to work. Furthermore, voting rights associated with the Bank’s shares held within the trust assets of the ESOP Trust are exercised in a manner that reflects the intentions of Employees who are prospective beneficiaries. This scheme supports greater Employee involvement in management and serves as an effective measure for enhancing corporate value.

2. Scheme of the Plan



- 1) The Bank and each of the Eligible Companies will pass the necessary resolutions for the introduction of the ESOP Trust.
- 2) The Bank and each of the Eligible Companies will establish Share Delivery Regulations for the Plan tailored to each Eligible Company.
- 3) The Bank and each of the Eligible Companies will contribute funds and establish an ESOP Trust, with Employees who satisfy the requirements for eligible beneficiaries designated as beneficiaries.
- 4) The ESOP Trust will acquire the number of the Bank's shares expected to be delivered to the beneficiaries during the trust period, using money contributed in item 3) above to acquire, through market transactions or from the Bank (through the disposal of treasury stock), in accordance with the directions of the trust administrator.
- 5) Dividends will be paid on the Bank's shares held within the ESOP Trust in the same manner as for other shares of the Bank.
- 6) With respect to the Bank's shares held within the ESOP Trust, the trust administrator will give directions regarding the exercise of voting rights and other shareholder rights throughout the trust period, and the ESOP Trust will exercise those rights in accordance with such directions.
- 7) During the trust period, Employees who satisfy certain requirements will be awarded a certain number of points based on their position, performance, and other factors, in accordance with the Share Delivery Regulations. The Bank's shares and other benefits will be delivered in proportion to the number of points awarded.
- 8) If any residual shares remain at the conclusion of the trust period, the ESOP Trust may continue to be used as an incentive plan similar to this Plan through the amendment of the trust agreement and additional contribution to the trust. If the ESOP Trust is not continued and is terminated, the residual shares are scheduled to be transferred to the Bank without compensation and cancelled by resolution of the Board of

Directors.

- 9) If there are any remaining dividends on the Bank's shares held within the ESOP Trust at the conclusion of the trust period, they will be used to fund the acquisition of additional shares if the ESOP Trust is continued. However, if the ESOP Trust is terminated at the conclusion of the trust period, the portion exceeding the trust expense reserve will be donated to a disinterested organization.

(Note) During the trust period, additional funds may be contributed to the ESOP Trust in the event of a potential shortfall in the number of shares held within the ESOP Trust or if the funds in the trust assets are insufficient to cover trust fees and expenses.

● Details of the trust agreement

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| (1) Trust type | Money held in trust other than specific money held in trust for single use (beneficiary trust) |
| (2) Trust purpose | To provide incentives to Employees |
| (3) Trustor | The Bank |
| (4) Trustee | Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries | Employees who satisfy the requirements for eligible beneficiaries |
| (6) Trust administrator | Third party with no vested interest in the Bank (certified public accountant) |
| (7) Trust agreement date | May 30, 2025 (scheduled) |
| (8) Trust period | From May 30, 2025 to August 31, 2028 (scheduled) |
| (9) Plan start date | May 30, 2025 (scheduled) |
| (10) Exercise of voting rights | The trustee will exercise voting rights for the Bank's shares in accordance with directions from the trust administrator that reflect the voting status of prospective beneficiaries. |
| (11) Type of shares to be acquired | Common stock of the Bank |
| (12) Total value of shares to be acquired | 954,200,000 yen |
| (13) Method used to acquire shares | Acquired through disposition of the Bank's treasury stock |