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(Securities Code: 8367)

June 8, 2021

To Stockholders with Voting Rights:

Takashi Hashimoto
President
The Nanto Bank, Ltd.
16, Hashimoto-cho,
Nara City, Nara, Japan

NOTICE OF CONVOCAION OF THE 133RD ORDINARY STOCKHOLDERS' MEETING

You are cordially notified of the 133rd Ordinary Stockholders' Meeting of The Nanto Bank, Ltd. ("the Bank"). The meeting will be held for the purposes as described below.

Instead of attending the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the Stockholders' Meeting described hereinafter and exercise your voting rights by no later than 5:00 p.m. on Monday, June 28, 2021.

1. Date and Time: Tuesday, June 29, 2021 at 10:00 a.m. Japan time

2. Place: Hiten Room, 4F, Hotel Nikko Nara
8-1 Sanjo-hommachi, Nara-shi, Nara, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Bank's 133rd Fiscal Year (from April 1, 2020 to March 31, 2021), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
 2. Non-consolidated Financial Statements for the Bank's 133rd Fiscal Year (from April 1, 2020 to March 31, 2021)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Determination of the Amount and Details of Performance-linked Stock Compensation for Directors

End

Guidance on Exercise of Voting Rights

You can exercise your voting rights by one of the following three methods:

Please exercise your voting rights in advance in writing or via the Internet, considering the health and safety of our stockholders and with the purpose of preventing infection risk regarding COVID-19.

Exercise of Voting Rights in Writing

Please indicate your vote of approval or disapproval of each proposal in the enclosed Voting Rights Exercise Form and return the form by the deadline.

Deadline for exercise:
Forms to be returned no later than
5:00 p.m. on June 28, 2021
(Monday)

Exercise of Voting Rights via the Internet

Please access the website for exercise of voting rights (<https://evote.tr.mufg.jp/>), follow the instructions on the screen, and enter your vote of approval or disapproval of each proposal.

Deadline for exercise:
Vote to be exercised no later than
5:00 p.m. on June 28, 2021
(Monday)

- (1) When voting rights are exercised more than once via the Internet, the vote that arrives the latest will be deemed the valid one.
- (2) When voting rights are exercised both by the Voting Rights Exercise Form and via the Internet, the vote via the Internet will be deemed the valid one.

Exercise of Voting Rights by Attending the Meeting

When attending the meeting, please submit the enclosed Voting Rights Exercise Form to the reception desk.

* Please be sure to wear a mask when you visit the venue, and cooperate in preventing the spread of the COVID-19 infection. If you have symptoms such as fever or cough, or if you do not cooperate with infection prevention measures, you will not be admitted to enter the venue. Please understand it in advance.

- Please note that the persons other than stockholders, such as proxies who are not stockholders or persons accompanying stockholders, are not allowed to enter the place of the Stockholders' Meeting. If you exercise your voting rights by proxy pursuant to the provisions of the Articles of Incorporation of the Bank, please have your proxy submit a document to prove his/her right to represent you.
- Of the documents that need to be provided with this Notice of Convocation, matters concerning (1) through (3) below are, in accordance with laws and regulations and Article 17 of the Articles of Incorporation of the Bank, posted on the Bank's website (<https://www.nantobank.co.jp/>), and are therefore not included in the documents attached to this Notice of Convocation.
 - (1) The Bank's Stock Acquisition Rights and the Systems to Ensure Proper Operations, which are part of the Business Report.
 - (2) The Non-consolidated Statement of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements, which are part of the Non-consolidated Financial Statements.
 - (3) The Consolidated Statement of Changes in Net Assets and the Notes to the Consolidated Financial Statements, which are part of the Consolidated Financial Statements.The Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements that have been audited by Corporate Auditors consist of the documents listed in (1) through (3) above, as well as the Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements attached to this Notice of Convocation. Moreover, the Non-consolidated Financial Statements and Consolidated Financial Statements that have been audited by the Accounting Auditor consist of the documents listed in (2) and (3) above, as well as the Non-consolidated Financial Statements and Consolidated Financial Statements attached to this Notice of Convocation.
- Any updates to the Reference Documents for the Stockholders' Meeting, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Bank's website (<https://www.nantobank.co.jp/>).

Reference Documents for the Stockholders' Meeting

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Bank proposes the appropriation of surplus as follows, under its basic policy of distributing continuous and stable dividends while ensuring internal reserves to strengthen its financial management setup and fund future business developments and others.

1. Matters concerning year-end dividends
 - (1) Matters concerning the allotment of dividend property to stockholders and the total amount 40.00 yen per share of common stock of the Bank, for a total of 1,304,736,880 yen.
Since we have already paid the interim dividend of 40.00 yen, the annual dividend for the 133rd fiscal year amounts to 80.00 yen per share.
 - (2) Effective date of distribution of surplus
June 30, 2021
2. Other matters concerning the appropriation of surplus
 - (1) Item and amount of surplus to be increased
General reserve 8,000,000,000 yen
 - (2) Item and amount of surplus to be decreased
Retained earnings brought forward 8,000,000,000 yen

Proposal No. 2: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Stockholders' Meeting. Accordingly, the election of nine (9) Directors, including three (3) Outside Directors, is proposed.

The candidates for Directors are as follows:

<Procedure for determining candidates for Director>

The Bank has established the Nomination and Compensation Advisory Committee under the Board of Directors to deliberate and report on the nomination and compensation of candidates for Directors in order for Outside Directors to further exercise their supervisory functions over management. The Committee is composed of a majority of Outside Directors and ensures independence by selecting a chairperson from the Outside Directors.

The Committee deliberates on matters related to the appointment and dismissal of management and its compensation in response to the advisory of the Board of Directors. Regarding the process of deciding candidates for Directors, the Board of Directors adopts a resolution upon the Committee's report.

Candidate No.	Name			Current positions at the Bank	Attendance at the Board of Directors meetings during the fiscal year 2020
1	Takashi Hashimoto	Re-election		President (Representative Director)	100% (12/12 meetings)
2	Satoshi Ishida	Re-election		Deputy President and Executive Officer (Representative Director)	100% (12/12 meetings)
3	Kazuya Yokotani	Re-election		Director and Managing Executive Officer	100% (12/12 meetings)
4	Kazunobu Nishikawa	New candidate		Managing Executive Officer	—
5	Takeshi Sugiura	New candidate		Managing Executive Officer	—
6	Ryuichiro Funaki	New candidate		Managing Executive Officer, General Manager, Business Promotion Headquarters	—
7	Matazaemon Kitamura	Re-election	Outside Director Independent Officer	Director (Outside Director)	100% (12/12 meetings)
8	Hidetaka Matsuzaka	Re-election	Outside Director Independent Officer	Director (Outside Director)	100% (9/9 meetings)
9	Shuhei Aoki	Re-election	Outside Director Independent Officer	Director (Outside Director)	100% (9/9 meetings)

(Note) Attendance of Messrs. Hidetaka Matsuzaka and Shuhei Aoki at the Board of Directors meetings is after their assumption of office on June 26, 2020.

Candidate No. 1	
Takashi Hashimoto	Re-election
Date of birth: May 20, 1954 (Age 67)	
Number of shares of the Bank held: 6,347 shares	
Terms of office as a Director: 14 years (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1977	Joined the Bank
Jun. 1999	General Manager, Kanmaki Branch, the Bank
Apr. 2001	General Manager, Kyoto Corporate Business Office, Business Management Division, the Bank
Jun. 2002	Deputy General Manager, Business Management Division; General Manager, Kyoto Corporate Business Office, the Bank
Jun. 2003	General Manager, Kyoto Branch, the Bank
Jun. 2005	General Manager, Public Institutions Division, the Bank
Jun. 2007	Director, General Manager, Personnel Division, the Bank
Jun. 2010	Managing Director, General Manager, Business Management Division, the Bank
Jun. 2011	Managing Director, General Manager, Osaka Regional Headquarter, the Bank
Jun. 2013	Managing Director, the Bank
Jun. 2014	Senior Managing Director, the Bank
Jun. 2015	President (Representative Director), the Bank (to present)
Reasons for nomination as a candidate for Director	
<p>Since assuming the position of President, Mr. Takashi Hashimoto has been leading the transformation of the Bank and has taken the leadership of the management with an eye on the goal to be achieved in 10 years, based on his belief that fundamental change is required in the traditional banking operations in order to respond to the significant changes in customers' needs. As an officer well versed in any and all bank operations in the business promotion, management, and operations divisions, he has sufficient knowledge and experience to perform the Bank's corporate management in an appropriate, fair, and efficient manner. Accordingly, the Bank has nominated him as a candidate for Director.</p>	

Candidate No. 2	
Satoshi Ishida	Re-election
Date of birth: Oct. 6, 1974 (Age 46)	
Number of shares of the Bank held: 1,128 shares	
Terms of office as a Director: 2 years (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1997	Joined Dai-Ichi Kangyo Bank, Limited (current Mizuho Bank, Ltd.)
Jul. 2001	Chief, Management Guidance Unit, Construction Industry Division, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2003	Manager, Industrial Revitalization Corporation of Japan
Jul. 2010	Director, Industrial Growth Platform, Inc.
Aug. 2013	Supervisory and Coordination Officer, Planning and Management Division, Supervision Bureau, Financial Services Agency
Jul. 2015	Policy Management Officer, Policy Division, Planning and Coordination Bureau, Financial Services Agency
Jul. 2016	Director, Monitoring Planning Office, Inspection Coordination Division, Inspection Bureau, Financial Services Agency
Jul. 2017	Director, the Regional Finance Planning Office, Supervision Bureau, Financial Services Agency
Nov. 2018	Director, Industrial Growth Platform, Inc.
Feb. 2019	Advisor, the Bank
Apr. 2019	Senior Managing Executive Officer, General Manager, Management Strategy Headquarters, the Bank
Jun. 2019	Deputy President and Executive Officer (Representative Director), General Manager, Corporate Strategy Headquarters, the Bank
Apr. 2020	Deputy President and Executive Officer (Representative Director), the Bank (to present) (Responsibilities)
	Overall execution management, Corporate Planning Division, Osaka Block Headquarters, and DX/SDGs special projects
Reasons for nomination as a candidate for Director	
<p>Mr. Satoshi Ishida is well versed in corporate management and financial circles overall and has abundant experience gained through his work in the management reform of many companies, especially in planning divisions. He has extensive knowledge that enables him to perform the Bank's corporate management in an appropriate and fair manner. In the two years since assuming the position of Deputy President, he has particularly embarked on a transformation of the planning and administration divisions. In addition to the formulation and implementation of management plans, he has reviewed the structures of the Board of Directors and other committee bodies, and he reformed and established the organizational foundation for the Bank's sustainable growth, resulting in a successful performance. From the viewpoint of ensuring the Bank's sustainable growth and increased corporate value over the medium- to long-term, he is expected to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors, in addition to the strong promotion of the DX strategy and SDGs, which is an urgent issue. Accordingly, the Bank has nominated him as a candidate for Director.</p>	

Candidate No. 3	
Kazuya Yokotani	Re-election
Date of birth: Dec. 15, 1962 (Age 58)	
Number of shares of the Bank held: 3,269 shares	
Terms of office as a Director: 2 years (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1985	Joined the Bank
Jun. 2007	Acting General Manager, General Planning Division, the Bank
Apr. 2011	General Manager, Higashi-Ikoma Branch, the Bank
Aug. 2012	Deputy General Manager, General Planning Division, the Bank
Jun. 2014	General Manager, General Planning Division, the Bank
Apr. 2016	Executive Officer, General Manager, Corporate Planning Division, the Bank
Apr. 2018	Executive Officer, General Manager, Public Institutions & Regional Vitality Creation Division, the Bank
Apr. 2019	Managing Executive Officer, General Manager, Investment Headquarters, the Bank
Jun. 2019	Director and Managing Executive Officer, General Manager, Investment Management Headquarters, the Bank
Apr. 2020	Director and Managing Executive Officer, the Bank (to present) (Responsibilities) Personnel and General Affairs Division and Risk Management Division
Reasons for nomination as a candidate for Director	
<p>Since assuming the position of Managing Executive Officer, Mr. Kazuya Yokotani has worked on reforming the Bank's internal structures for financial investment, including the formulation of goals and policies for financial investment, restructuring of the portfolio capable of responding to changes, and human resource development, based on a thorough understanding of the direction that the Bank is taking as a whole, resulting in a successful performance. With his abundant knowledge and experience mainly in the planning division, he has sufficient knowledge and experience to perform the Bank's corporate management in an appropriate, fair, and efficient manner. Accordingly, the Bank has nominated him as a candidate for Director.</p>	

Candidate No. 4	
Kazunobu Nishikawa	New candidate
Date of birth: Jul. 3, 1963 (Age 57)	
Number of shares of the Bank held: 4,420 shares	
Terms of office as a Director: –	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1986	Joined the Bank
Jun. 2008	Manager, Amagasaki Corporate Business Office, Business Management Division, the Bank
Sep. 2009	General Manager, Amagasaki Branch, the Bank
Oct. 2010	Group Leader, Business Management Division, the Bank
Apr. 2011	Group Leader, Business Management Division; Manager, Nara Corporate Business Office, the Bank
Oct. 2012	Deputy General Manager, Business Management Division, the Bank
Apr. 2013	General Manager, Takadahonmachi Branch, the Bank
Apr. 2015	General Manager, General Affairs Division, the Bank
Apr. 2017	Executive Officer, General Manager, Head Office, the Bank
Apr. 2019	Executive Officer, General Manager, Corporate Planning Division, the Bank
Apr. 2020	Executive Officer, General Manager, North Nara Block Headquarters, the Bank
Apr. 2021	Managing Executive Officer, the Bank (to present)
	(Responsibilities) Digital Strategy Division, Operations Support Division, North Nara Block Headquarters, and Kyoto Block Headquarters
Reasons for nomination as a candidate for Director	
Mr. Kazunobu Nishikawa took the leadership as General Manager of Corporate Planning Division in formulating the current management plan by recognizing the need for transformation of the Bank. After that, he has started to reform worksites based on the management plan as a frontline leader, resulting in a successful performance. With his abundant knowledge and experience in both the planning and business divisions, he has sufficient knowledge and experience to perform the Bank's corporate management in an appropriate, fair, and efficient manner. Accordingly, the Bank has nominated him as a candidate for Director.	

Candidate No. 5	
Takeshi Sugiura	New candidate
Date of birth: Jul. 13, 1963 (Age 57)	
Number of shares of the Bank held: 2,720 shares	
Terms of office as a Director: –	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1986	Joined the Bank
Jun. 2008	General Manager, Kamikoma Branch, the Bank
May. 2010	Senior Credit Officer, Credit Analysis Division, the Bank
Jun. 2011	General Manager, Unebi Branch, the Bank
Apr. 2013	General Manager, Osaka Branch, the Bank
Jun. 2014	General Manager, Sakurai Branch, the Bank
Apr. 2017	Executive Officer, General Manager, Sakurai Branch, the Bank
Apr. 2018	Executive Officer, General Manager, Tokyo Branch, the Bank
Apr. 2019	Executive Officer, General Manager, Middle Nara Block Headquarters, the Bank
Apr. 2021	Managing Executive Officer, the Bank (to present)
	(Responsibilities) Financial Investment Division, Credit Analysis Division, Middle Nara Block Headquarters, and South Nara / Wakayama Block Headquarters
Reasons for nomination as a candidate for Director	
Mr. Takeshi Sugiura has demonstrated his talent as a frontline leader in the business division with a deep understanding of the realities of the Bank's customers and employees, and has transformed the business division, resulting in a successful performance. With his abundant knowledge and experience in both the business and credit analysis divisions, as well as deep trust of the Bank's employees on account of his personality and leadership, he has sufficient knowledge and experience to perform the Bank's corporate management in an appropriate, fair, and efficient manner. Accordingly, the Bank has nominated him as a candidate for Director.	

Candidate No. 6	
Ryuichiro Funaki	New candidate
Date of birth: Dec. 19, 1966 (Age 54)	
Number of shares of the Bank held: 0 shares	
Terms of office as a Director: –	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1991	Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)
Apr. 2002	Research Assistant, Corporate Planning Department, Mizuho Bank, Ltd.
May. 2004	Senior Manager, Planning Group, ShinGinko Tokyo, Limited (current Kiraboshi Bank, Ltd.)
Jan. 2009	Advisor, Industrial Growth Platform, Inc.
Jun. 2009	Executive Officer (in charge of Business Management Division), THE HOWA BANK, LTD.
Jul. 2012	Principal, Industrial Growth Platform, Inc.
Jul. 2012	Advisor, The Nuclear Damage Compensation and Decommissioning Facilitation Corporation
Nov. 2016	Expert Investigator, Financial Services Agency
Apr. 2019	Advisor, the Bank
Jul. 2019	Representative Director and President, Nanto Consulting Co., Ltd.
Apr. 2021	Managing Executive Officer, General Manager, Business Promotion Headquarters, the Bank (to present)
	(Responsibilities) Business Support Division, Corporate Business Division, Personal Business Division, Regional Business Creation Division, and Tokyo Business Division
Reasons for nomination as a candidate for Director	
Mr. Ryuichiro Funaki is well versed in the business division, especially in consulting business gained through his experience in solution businesses to many companies at the consulting company, in addition to his experience in business planning at a megabank and as an executive officer at another regional bank, resulting in a successful performance as Representative Director and President of Nanto Consulting Co., Ltd., which is the Bank's affiliated company. He is capable of establishing an ideal business division beyond the confines of traditional approaches, and has sufficient knowledge and experience to perform the Bank's corporate management in an appropriate, fair, and efficient manner. Accordingly, the Bank has nominated him as a candidate for Director.	

Candidate No. 7	
Matazaemon Kitamura	Re-election / Outside Director/ Independent Officer
Date of birth: Aug. 6, 1954 (Age 66)	
Number of shares of the Bank held: 5,263 shares	
Terms of office as a Director: 5 years (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1978	Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)
Feb. 1988	Director, Kitamura Forestry Co., Ltd.
Sep. 2005	Representative Director and President, Kitamura Forestry Co., Ltd. (to present)
Jun. 2016	Outside Director, the Bank (to present)
	(Significant concurrent positions)
	Representative Director and President, Kitamura Forestry Co., Ltd.
Reasons for nomination as a candidate for Outside Director and expected roles	
<p>Having been engaged in corporate management as a corporate executive over a long period, Mr. Matazaemon Kitamura is well versed in overall management and has an abundance of knowledge and experience enabling him to supervise the Bank's management by undertaking appropriate and fair procedures, such as the voicing of opinions based on his deep insight. Accordingly, the Bank has nominated him as a candidate for Outside Director. He was appointed as the chairperson of the Nomination and Compensation Advisory Committee of the Bank in September last year. The Bank expects him to play a role as a leader among Outside Directors, helping to strengthen the collaboration between Outside Directors and management.</p>	
Supplementary explanation on independence	
<ul style="list-style-type: none"> • The Bank has steady banking transactions with Kitamura Forestry Co., Ltd., where Mr. Matazaemon Kitamura serves as Representative Director and President. However, such transactions account for less than 1% of the company's net sales and the Bank's consolidated gross business profit for the most recent fiscal year, and do not have an influence on his independence. The Bank also has deposit transactions with Kitamura Forest Conservation Foundation, where he serves as Representative Director, but such transactions account for less than 1% of the Bank's consolidated gross business profit, and do not have an influence on his independence. • Kitamura Forestry Co., Ltd. and Kitamura Forest Conservation Foundation hold the Bank's shares, accounting for 1.28% and 0.67% respectively of the Bank's total voting rights at the end of the most recent fiscal year, and do not have an influence on his independence. • He meets the requirements for independent officers under the provisions of Tokyo Stock Exchange, Inc. and the "Standards for Assessing Independence" established by the Bank, and there is no risk of conflicts of interest with general stockholders. Therefore, if his election is approved at this Stockholders' Meeting, he will continue to serve as an independent officer. 	

Candidate No. 8	
Hidetaka Matsuzaka	Re-election / Outside Director / Independent Officer
Date of birth: Feb. 22, 1958 (Age 63)	
Number of shares of the Bank held: 457 shares	
Terms of office as a Director: 1 year (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1980	Joined Osaka Gas Co., Ltd.
Jun. 2009	Executive Officer, General Manager, Corporate Strategy Department, Osaka Gas Co., Ltd.
Apr. 2011	Senior Executive Officer, General Manager, Energy Resources & Int'l Business Unit, Osaka Gas Co., Ltd.
Jun. 2011	Director and Senior Executive Officer, General Manager, Energy Resources & Int'l Business Unit, Osaka Gas Co., Ltd.
Apr. 2014	Director and Senior Executive Officer, General Manager, Corporate Planning HQ, Osaka Gas Co., Ltd.
Apr. 2015	Representative Director, Executive Vice-President, Osaka Gas Co., Ltd.
Apr. 2019	Director and Chairman, OG Capital Co., Ltd. (to present)
Jun. 2019	Advisor, Osaka Gas Co., Ltd. (to present)
Jun. 2020	Outside Director, the Bank (to present)
Jun. 2020	Outside Director, HIROSHIMA GAS Co., Ltd. (to present)
	(Significant concurrent positions)
	Director and Chairman, OG Capital Co., Ltd.
	Advisor, Osaka Gas Co., Ltd.
	Outside Director, HIROSHIMA GAS Co., Ltd.
Reasons for nomination as a candidate for Outside Director and expected roles	
With an abundance of experience and a wide range of knowledge in corporate and organization management, Mr. Hidetaka Matsuzaka has a deep insight enabling him to supervise the Bank's management by undertaking appropriate and fair procedures, such as the voicing of opinions to the management from a large and broad perspective. Accordingly, the Bank has nominated him as a candidate for Outside Director. The Bank expects him to use his experience to supervise the Bank's management from an independent and objective standpoint, without being bound by the framework of a financial institution.	
Supplementary explanation on independence	
<ul style="list-style-type: none"> • The Bank has steady banking transactions with Osaka Gas Co., Ltd., where Mr. Hidetaka Matsuzaka serves as an advisor. However, such transactions account for less than 1% of the company's consolidated net sales and the Bank's consolidated gross business profit for the most recent fiscal year, and do not have an influence on his independence. • He meets the requirements for independent officers under the provisions of Tokyo Stock Exchange, Inc. and the "Standards for Assessing Independence" established by the Bank, and there is no risk of conflicts of interest with general stockholders. Therefore, if his election is approved at this Stockholders' Meeting, he will continue to serve as an independent officer. 	

Candidate No. 9	
Shuhei Aoki	Re-election / Outside Director / Independent Officer
Date of birth: Jul. 6, 1958 (Age 62)	
Number of shares of the Bank held: 686 shares	
Terms of office as a Director: 1 year (at the conclusion of this Stockholders' Meeting)	
Past experience, positions, responsibilities and significant concurrent positions	
Apr. 1981	Joined the Bank of Japan
Nov. 2003	General Manager, Yokohama Branch, the Bank of Japan
Jul. 2005	Deputy Director-General, Information System Services Department, the Bank of Japan
May 2008	General Manager for the Americas and Chief Representative in New York, the Bank of Japan
Jun. 2011	Director-General, Financial Markets Department, the Bank of Japan
May 2013	Director-General, Payment and Settlement Systems Department, the Bank of Japan
Jul. 2014	Executive, Hitachi, Ltd.
Apr. 2020	Executive Strategist, Hitachi, Ltd. (to present)
Jun. 2020	Outside Director, the Bank (to present)
	(Significant concurrent positions)
	Executive Strategist, Hitachi, Ltd.
Reasons for nomination as a candidate for Outside Director and expected roles	
Mr. Shuhei Aoki is well versed in the affairs of the overall financial industry in light of the expected roles as Outside Director, and has an abundance of knowledge and experience enabling him to supervise the Bank's management by undertaking appropriate and fair procedures, such as the voicing of opinions to the management based on his deep insight from a broad perspective. Accordingly, the Bank has nominated him as a candidate for Outside Director. The Bank expects him to provide advice based on his own knowledge and experience in the financial industry, and to supervise the Bank's management from an independent and objective standpoint.	
Supplementary explanation on independence	
<ul style="list-style-type: none"> • The Bank has steady banking transactions with Hitachi, Ltd., where Mr. Shuhei Aoki serves as Executive Strategist. However, such transactions account for less than 1% of the company's consolidated net sales and the Bank's consolidated gross business profit for the most recent fiscal year, and do not have an influence on his independence. • He meets the requirements for independent officers under the provisions of Tokyo Stock Exchange, Inc. and the "Standards for Assessing Independence" established by the Bank, and there is no risk of conflicts of interest with general stockholders. Therefore, if his election is approved at this Stockholders' Meeting, he will continue to serve as an independent officer. 	

(Notes)

1. There are no special interests between any of the candidates for Directors and the Bank.
2. If the election of Messrs. Matazaemon Kitamura, Hidetaka Matsuzaka, and Shuhei Aoki is approved at this Stockholders' Meeting, the Bank will continue the liability limitation agreements with them to limit their liability for damage due to the negligence of Outside Director' duties to an amount set forth by laws and regulations.
3. The Bank has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance contract covers damages including compensation for damages and legal expenses to be borne by the insured. In the event that the candidates for Directors assume the office of Directors of the Bank, they will become the insured under the said insurance contract.

(Reference)

Standards for Assessing Independence

Under the standards stipulated by the Company, an Outside Director or Outside Corporate Auditor is assessed to be independent from the Bank when they do not fall and have not fallen under any of the following, currently or recently (Note 1).

- (1) A person who has transactions with the Bank as the person's principal counterparty (Note 2), or an executive thereof if such person is a corporation, etc. (corporation or other body; hereinafter the same interpretation shall apply).
- (2) A principal counterparty (Note 2) of the Bank, or an executive thereof if such counterparty is a corporation, etc.
- (3) A consultant, accounting professional, or legal professional who receives large amounts (Note 3) of cash or other assets other than officer compensation from the Bank (if such consultant, accounting professional, or legal professional receiving the assets is a group such as a corporation or partnership, a person belonging to such group).
- (4) A person who receives large amounts (Note 3) of donations or other contributions from the Bank, or an executive thereof if such person is a corporation, etc.
- (5) A principal stockholder (Note 4) of the Bank, or an executive thereof if such stockholder is a corporation, etc.
- (6) Close relative (Note 6) of persons (excluding those who are not important (Note 5)) listed below.
 - A. Persons who fall under (1) through (5) above.
 - B. Directors, Corporate Auditors, and important employees, etc. of the Bank and its subsidiaries.

(Note 1) "Recently"

A case that can be substantially treated like a case of "currently," including the case where the candidates for election as outside officers fall under any of the (1) through (6) listed above when the contents of the proposal at the Stockholders' Meeting for their election as outside officers are decided.

(Note 2) "Principal counterparty"

- * A person whose payments or receipts for transactions with the Bank represent more than 2% of consolidated net sales (for the Bank, consolidated gross business profit) in the latest fiscal year.
- * A counterparty who receives the most significant credit extended from the Bank and will be seriously affected in the event of any change in the transaction policy of the Bank.

(Note 3) "Large amounts"

For an individual, ¥10 million or more annually on average over the preceding three years. For a corporation, partnership, or other body, an amount exceeding 2% of the consolidated net sales or total revenue of such body.

(Note 4) "Principal stockholder"

A stockholder who holds 10% or more of the total voting rights at the end of the latest fiscal year of the Bank.

(Note 5) "Important"

A person who holds an officer or general manager position or equivalent position at a company, or a certified public accountant, lawyer, etc. if such person belongs to an accounting office or law office.

(Note 6) "Close relative"

A relative within two degrees of kinship of a person.

Proposal No. 3: Determination of the Amount and Details of Performance-linked Stock Compensation for Directors

1. Reasons for the proposal and justification for the proposed compensation

Compensation for Directors of the Bank (excluding Outside Directors and Directors who do not reside in Japan; the same applies throughout this proposal) is currently composed of monthly compensation, which is fixed compensation paid in accordance with the duties for each rank, and stock options granted as stock-based compensation. As a result of consideration of the appropriate compensation system to clarify the link between Directors' compensation and the Bank's performance and share value, and to raise Directors' awareness of contribution to improving medium- and long-term performance and enhancing corporate value, it is proposed to replace the grant of stock options as stock-based compensation with the introduction of a new performance-linked stock compensation plan (hereinafter the "Plan") for delivering shares of the Bank to Directors of the Bank in accordance with their rank and the degree to which performance targets have been achieved, among other factors.

The introduction of the Plan has been decided based on the results of deliberation by the Nomination and Compensation Advisory Committee, and is deemed appropriate as it will enable the stable and efficient operation of the compensation system for Directors.

Under this proposal, stock compensation associated with the introduction of the Plan is in addition to the limit on compensation for Directors (600 million yen per annum, including compensation received in the capacity of an employee, for Directors who serve concurrently as employees) approved by the 118th Ordinary Stockholders' Meeting held on June 28, 2006.

Subject to the approval and passing of this proposal, the system of stock options granted as stock-based compensation approved by the 122nd Ordinary Stockholders' Meeting held on June 29, 2010 shall be abolished, and no further grant of stock acquisition rights shall be made. Moreover, any Director eligible for the Plan who holds previously granted and unexercised stock acquisition rights shall relinquish these rights, subject to the approval and passing of this proposal as originally proposed, and the commencement of operation of the Plan. As a transitional measure for stock options previously granted as stock-based compensation, the Bank shall award points corresponding to the number of shares for which unexercised stock acquisition rights have been relinquished in this way.

If Proposal No. 2: Election of Nine (9) Directors is approved and passed as originally proposed, then the number of Directors of the Bank eligible under the Plan will be six (6).

If this proposal is approved and passed as originally proposed, then the compensation system for Directors of the Bank shall consist of monthly compensation and compensation under the Plan.

2. Amount and details of compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan where the amount of compensation contributed by the Bank is used to acquire shares of the Bank through a trust, and Directors receive, through delivery or payment (hereinafter “delivery, etc.”), shares of the Bank and cash equivalent to the shares of the Bank (hereinafter “the Bank’s shares, etc.”). (Details are presented from (2) onwards.)

1) Persons eligible for the delivery, etc. of the Bank’s shares, etc. under the Plan	<ul style="list-style-type: none"> Directors of the Bank (excluding Outside Directors and Directors who do not reside in Japan)
2) The maximum amount of money to be contributed by the Bank (as in (2) below)	<ul style="list-style-type: none"> A total of 100 million yen over the eligible period of three fiscal years However, an additional amount of up to 50 million yen shall be contributed as a fund for the acquisition of shares of the Bank in relation to points awarded to Directors during the initial period of the Plan, commencing from the fiscal year ending March 31, 2022 (hereinafter “this fiscal year”), as a transitional measure due to the transition from stock options granted as stock-based compensation.
3) Maximum number of the Bank’s shares, etc. for delivery, etc. to eligible Directors (as in (3) below)	<ul style="list-style-type: none"> The maximum total number of points to be awarded to Directors for each fiscal year shall be 28,000 points. (The maximum number of the Bank’s shares, etc. for delivery, etc. is 28,000 shares, corresponding to one share per point.) However, a maximum of 20,000 points shall be awarded to Directors for this fiscal year, as a transitional measure due to the transition from stock options granted as stock-based compensation.
4) Method used to acquire shares of the Bank (as in (2) below)	<ul style="list-style-type: none"> It is planned to acquire shares of the Bank through market transactions or (through the disposal of treasury stock) from the Bank. (No dilution will occur, as it is intended that the trust to be established in the current fiscal year will acquire shares through market transactions.) The number of shares corresponding to the maximum number of points to be awarded to Directors for each fiscal year is equivalent to 0.1% of the total number of issued shares (after deducting treasury stock, as of March 31, 2021).
5) Details of the link to performance (as in (3) below)	<ul style="list-style-type: none"> Varying from 0% to 200% based on the factors including the degree to which each fiscal year’s performance targets (profit from customer services, etc.) have been achieved
6) Timing of the delivery, etc. of the Bank’s shares, etc. (as in (4) below)	<ul style="list-style-type: none"> At the time of the Director’s retirement (or the time of death, in the event of the Director’s death)

(2) Maximum amount of money to be contributed by the Bank

The period of the Plan (hereinafter the “Plan Period”) shall comprise three fiscal years, beginning from the fiscal year ending March 31, 2022, and concluding with the fiscal year ending March 31, 2024.

The Bank shall contribute a maximum of 100 million yen as compensation for Directors of the Bank in each Plan Period, and establish a trust (hereinafter the “Trust”) with a trust period of three years. The beneficiaries of the Trust shall be the Directors who satisfy the requirements for eligible beneficiary. (The same shall apply in the event that the trust period is extended as described below; the same applies hereinafter.) However, for the initial Plan Period, the Bank

shall contribute a maximum of 50 million yen to the Trust in addition to the contribution of maximum amount stipulated above, as a fund for the acquisition of shares corresponding to points awarded to Directors as a transitional measure for the transition from stock options granted as stock-based compensation.

The Trust shall acquire shares of the Bank through market transactions or from the Bank (through the disposal of treasury stock), using money contributed to the Trust, in accordance with the directions of the trust administrator. (The Trust established in the current fiscal year shall acquire shares of the Bank through market transactions.) The Bank shall award points to Directors (as in (3) below) during the trust period, and the Trust shall execute the delivery, etc. of the Bank's shares, etc.

At the conclusion of the period of the Trust, instead of establishing a new Trust, the existing Trust may be continued through the amendment of the trust agreement and additional contribution to the Trust. In this case, the trust period shall be extended by three years, and the Plan Period shall comprise the three fiscal years commencing from the time when the period was extended. The Bank shall make an additional contribution of up to 100 million yen for each trust period after extension, and shall continue to award points to Directors during the extended trust period. The Trust shall continue the delivery, etc. of the Bank's shares, etc. during the extended trust period.

However, where an additional contribution is made by the Bank, and where shares of the Bank (excluding shares awaiting delivery to a Director who holds a corresponding number of points) or cash (hereinafter "residual shares, etc.") remain among the trust assets as of the final day of the trust period immediately before extension, the sum of the value of these residual shares, etc. and the additional contribution must not exceed 100 million yen.

In the event that the trust agreement is not amended, nor an additional trust established at the conclusion of the trust period (or at the conclusion of the extended trust period, should the trust period be extended as described above), then no further points shall be awarded to Directors from that time on. If, however, at that time, there is a possibility that an incumbent Director may satisfy the requirements for eligible beneficiary, then the period of the Trust may be extended temporarily for the purpose of completing the delivery, etc. of the Bank's shares, etc. to the Director.

(3) Calculation method and maximum number of the Bank's shares, etc. for delivery, etc. to Directors

During a designated period, subsequent to the conclusion of each fiscal year within the Plan Period, the Bank shall grant Directors "fixed points" corresponding to their rank, and a number of "performance-linked points" varying between 0% and 200% of a certain number, depending on factors such as the degree to which management targets (profit from customer services, etc.) have been achieved.

In addition, promptly after the establishment of the Trust, the Bank shall also award points to Directors who have relinquished stock acquisition rights previously granted as stock-based compensation following the introduction of the Plan, as a transitional measure for the transition from stock options granted as stock-based compensation as described above. The number of points thus awarded shall be equivalent to the number of shares whose stock acquisition rights have been relinquished.

Points awarded shall be accumulated each year, and delivery, etc. of the Bank's shares, etc. shall be made to each Director at the time of his or her retirement, in accordance with the number of points he or she has accumulated (hereinafter the "Accumulated Points").

Each point shall correspond to one share of the Bank's stock. However, the number of the Bank's shares, etc. per point may be adjusted, if adjustment is deemed reasonable due to an event such as a stock split or stock consolidation of the Bank's stock during the trust period, in accordance with the stock split ratio, consolidation ratio, or other factors.

The maximum total number of points to be awarded to Directors of the Bank each fiscal year shall be 28,000 points. The total number of the Bank's shares, etc. to be delivered to Directors through the Trust for each fiscal year shall therefore not exceed 28,000 shares. The maximum number of shares to be delivered has been determined based on the maximum amount of trust money described in (2) above, with reference to information such as the price of the Bank's stock in the past. However, a maximum of 20,000 points shall be awarded for this fiscal year, in addition to the total number of points to be awarded for each fiscal year stated above, as a transitional measure for the transition from stock options granted as stock-based compensation.

(4) Method and timing for the delivery, etc. of the Bank's shares, etc. to Directors

A Director who has satisfied the requirements for eligible beneficiary shall receive the delivery, etc. of a certain number of the Bank's shares, etc. calculated based on (3) above, at the time of his or her retirement from the position of Director. The said Director shall receive the delivery of a certain number of shares of the Bank's stock (rounded down to the nearest trading unit) equivalent to a certain proportion of his or her Accumulated Points. The residual shares shall be converted to cash within the Trust, and the Director shall receive cash equivalent to the shares.

In the event of the death of an incumbent Director, shares of the Bank corresponding to all Accumulated Points already awarded to the Director at that time shall, in principle, be converted to cash within the Trust, and the heir of the deceased Director shall receive cash equivalent to the shares.

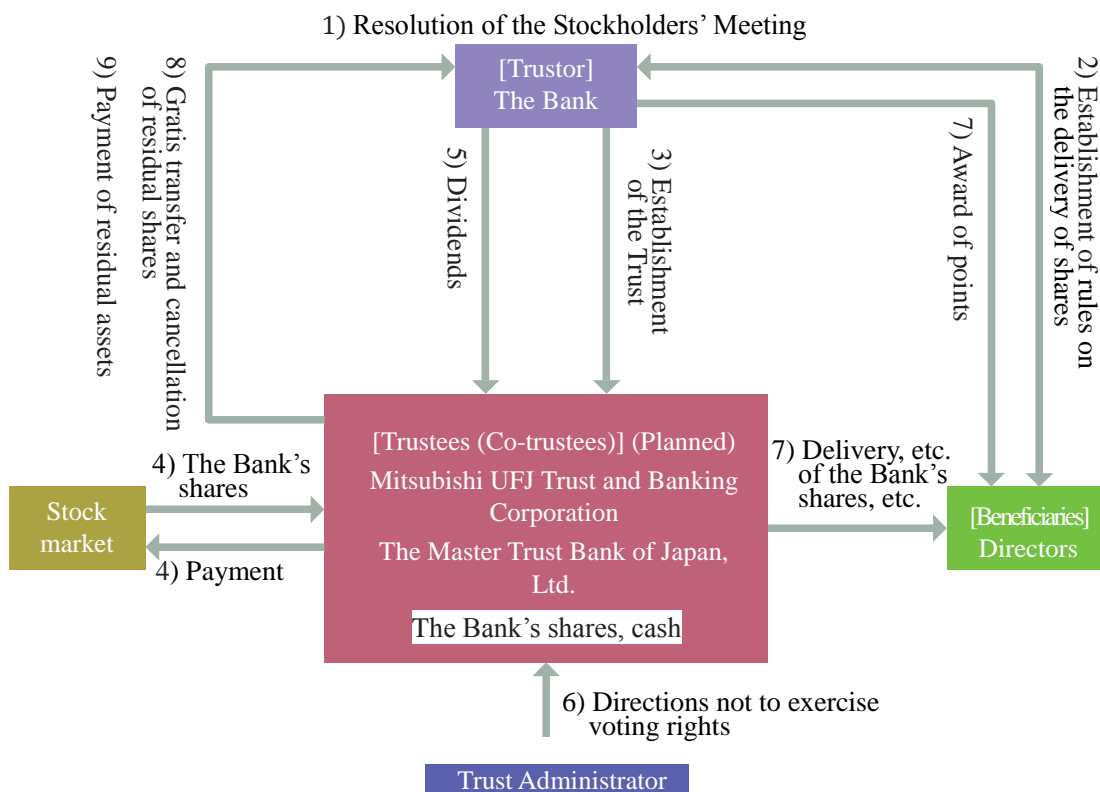
(5) Voting rights associated with shares of the Bank held in the Trust

Voting rights associated with shares of the Bank held in the Trust shall not be exercised for the duration of the trust period, in order to ensure neutrality with respect to the Bank's management.

(6) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors at the occasion of the establishment of the Trust, amendment to the trust agreement, and additional contributions to the Trust.

[Reference 1: Overview of the Plan]



- 1) The Bank will obtain the approval by resolution of this Stockholders' Meeting for the introduction of the Plan.
- 2) The Bank's Board of Directors will establish rules on the delivery of shares under the Plan.
- 3) The Bank will establish the Trust, with the beneficiaries of the Trust being Directors who have satisfied the requirements for eligible beneficiary, and contribute cash to the Trust as a fund for compensation for Directors of the Bank, within the limits approved by resolution of the Stockholders' Meeting in step 1).
- 4) The Trust will use the cash contributed in step 3) to acquire shares of the Bank through market transactions, in accordance with the directions of the trust administrator. (If the trust period is extended, then it is planned to acquire shares through market transactions or from the Bank, through the disposal of treasury stock.) The number of shares acquired by the Trust is to be within the limit approved by resolution of the Stockholders' Meeting in step 1).
- 5) Dividends will be distributed for shares of the Bank held in the Trust, in the same way as for other shares of the Bank.
- 6) Voting rights associated with shares of the Bank held in the Trust will not be exercised throughout the duration of the trust period.
- 7) During the trust period, a certain number of points will be awarded to Directors at a specified time each year, in accordance with their rank and the degree to which performance targets for each fiscal year have been achieved, among other factors. In addition, promptly after the establishment of the Trust, the Bank will also award points to Directors who have relinquished stock acquisition rights previously granted as stock-based compensation following the introduction of the Plan, as a transitional measure for the transition from stock options granted as stock-based compensation. The number of points thus awarded shall be equivalent to the number of shares whose stock acquisition rights have been relinquished. Directors who have satisfied certain requirements for eligible beneficiary will receive delivery, etc. of the Bank's shares, etc. in accordance with the number of Accumulated Points at the time of his or her retirement.
- 8) Should any residual shares remain at the conclusion of the trust period due to a failure to achieve performance targets or other reason, then it is planned to continue to use the Trust through the amendment of the trust agreement and additional contributions to the Trust, either under the Plan or under a similar new stock compensation plan, or transfer the shares remaining in the Trust to the Bank for no consideration and then cancel the shares by resolution of the Bank's Board of Directors.
- 9) It is intended that any residual assets remaining after distribution to beneficiaries at the termination of the Trust should revert to the Bank, which holds vested rights, within the limits of the reserve for trust expenses after subtracting funds for the acquisition of shares from the trust money.

(Note)

Should no shares of the Bank's stock remain in the Trust as a result of the delivery, etc. of the Bank's shares, etc. to Directors who have satisfied the requirements for eligible beneficiary, then the Trust shall terminate prior to the conclusion of the trust period.

The Bank may contribute additional cash to the Trust for the purpose of acquiring the Bank's shares, within the limit approved by resolution of this Stockholders' Meeting.

[Details of the Trust Agreement]

1) Type of trust	Money trust other than a specified individually-managed money trust (third-party benefit trust)
2) Purpose of the trust	Payment of incentives to Directors
3) Trustor	The Bank
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint trustee: The Master Trust Bank of Japan, Ltd. (planned))
5) Beneficiaries	Retired Directors who satisfy the requirements for eligible beneficiary
6) Trust administrator	A third-party professional practitioner with no special interests in the Bank
7) Date of the trust agreement	August 2, 2021 (planned)
8) Period of the trust	August 2, 2021 (planned) to August 31, 2024 (planned)
9) Commencement of the Plan	August 2, 2021 (planned)
10) Exercise of voting rights	Not to be exercised
11) Class of shares to be acquired	Shares of the Bank's common stock
12) Maximum amount to be contributed to the trust	150 million yen (planned) (including trust fees and trust expenses)
13) Period of share acquisition	August 3, 2021 to September 22, 2021 (planned) (excluding the period beginning from five business days prior to the final day of each accounting period (including interim and quarterly accounting periods) and ending on the final day of the accounting period)
14) Method of share acquisition	Acquired through market transactions (if the trust period is extended, then it is planned to acquire shares through market transactions or from the Bank, through the disposal of treasury stock)
15) Vested rights holder	The Bank
16) Residual assets	The Bank, which holds vested rights, can receive residual assets within the limits of the reserve for trust expenses after subtracting funds for the acquisition of shares from the trust money.