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(Securities Code: 8388)

June 1, 2018

To Shareholders with Voting Rights:

Susumu Nagaoka
President and Director
The Awa Bank, Ltd.
24-1, Nishisemba-cho 2-chome,
Tokushima, Japan

**NOTICE OF CONVOCATION OF
THE 206TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 206th Annual General Meeting of Shareholders of The Awa Bank, Ltd. (the "Bank"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders attached below and exercise your voting rights.

1. Date and Time: Tuesday, June 26, 2018 at 10:00 a.m. Japan time

2. Place: 3F Large Conference Room, Head Office of the Bank
24-1, Nishisemba-cho 2-chome, Tokushima, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Bank's 206th Fiscal Year (from April 1, 2017 to March 31, 2018)
 2. Consolidated Financial Statements for the Bank's 206th Fiscal Year (from April 1, 2017 to March 31, 2018) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Share Consolidation
Proposal No. 3: Partial Amendment to Articles of Incorporation
Proposal No. 4: Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)
Proposal No. 5: Election of Seven (7) Directors Who Are Audit & Supervisory Committee Members
Proposal No. 6: Determination of Amount of Compensation, etc., for Directors (Excluding Those Who Are Audit & Supervisory Committee Members)
Proposal No. 7: Determination of Amount of Compensation, etc., for Directors Who Are Audit & Supervisory Committee Members
Proposal No. 8: Granting of Condolence Money to Retired Directors and Granting of Retirement Benefits to Retiring Audit & Supervisory Board Members

- Proposal No. 9:** Payment of Retirement Benefits Associated with the Abolition of the Retirement Benefits System for Directors and Audit & Supervisory Board Members
- Proposal No. 10:** Determination of Amount and Other Details of Performance-Linked and Share-Based Compensation, etc., for Directors, etc.

Exercise of Voting Rights:

Exercise of voting rights by attending the meeting	Meeting date and time: Tuesday, June 26, 2018 at 10:00 a.m. Japan time For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arrival at the meeting.
Exercise of voting rights in writing	Exercise deadline: Monday, June 25, 2018 at 5:30 p.m. Japan time Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to Securities Agent Department of JAPAN SECURITIES AGENTS, LTD. so that it is received by the time indicated above.
Exercise of voting rights via the Internet, etc.	Exercise deadline: Monday, June 25, 2018 at 5:30 p.m. Japan time Please access the Bank's designated voting website (https://www.e-sokai.jp) (in Japanese), follow the instructions on the screen, and indicate your vote for or against the proposals by the time indicated above.

1. Handling of duplicate voting

If you exercise your voting rights both in writing and via the Internet, etc., as described above, only your vote placed via the Internet, etc., will be valid regardless of the timing of the vote.

In addition, if you submit your vote multiple times via the Internet, etc., only the last vote will be valid.

2. Exercise of voting rights by proxy

Exercise of voting rights by proxy will be limited to cases where another shareholder with voting rights is appointed as a proxy and only one such proxy can be appointed.

End

- ◎ Of the documents to be attached to this notice of convocation, the Non-Consolidated Statement of Changes in Equity, the Notes to the Non-consolidated Financial Statements, the Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements are posted on the Bank's website (<http://www.awabank.co.jp/>) (in Japanese) in accordance with laws and regulations as well as Article 16 of the Articles of Incorporation of the Bank, and are therefore not included in this document. Therefore, the documents attached to this notice of convocation constitute a part of the non-consolidated and consolidated financial statements audited by the Accounting Auditor in preparing its accounting audit report and part of the business report, non-consolidated and consolidated financial statements audited by the Audit & Supervisory Board Members in preparing its audit report.
- ◎ Please note that the air conditioning at the venue will be operated moderately to save electricity. Attending shareholders are recommended to dress in light clothing.
- ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Bank's website (<http://www.awabank.co.jp/>) (in Japanese).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Bank recognizes the return of profit to shareholders as one of the key management tasks and its basic profit appropriation policy is to return profit to shareholders in a stable and active manner on an ongoing basis while striving to enhance internal reserves for the purpose of strengthening its future profit foundation.

Under this Policy, the Bank intends to maintain a stable dividend of 5 yen per share (2.5 yen for interim dividend and 2.5 yen for year-end dividend), which is paid together with an additional dividend that is determined based on the financial results of each fiscal year.

1. Matters concerning year-end dividends

In comprehensive consideration of the financial results and other factors, the Bank proposes to pay the following year-end dividend.

(1) Type of dividend property

Cash

(2) Matters concerning the allotment of dividend property to shareholders and the total amount
4.5 yen per share of the common stock of the Bank

In this case, the total amount of dividend will be 984,575,147 yen.

If the proposed year-end dividend of 4.5 yen per share is approved, the annual dividend will be 9 yen per share including the interim dividend of 4.5 yen per share.

(3) Effective date of distribution of surplus

June 27, 2018

2. Other matters concerning the appropriation of surplus

The Bank proposes the following appropriation of surplus to bolster its business foundation and contribute to the increase in shareholder value through the improvement of capital efficiency by securing funds to retire its own shares.

(1) Item and the amount of surplus to be increased

General reserve 7,000,000,000 yen

Reserve for retirement of stocks 2,000,000,000 yen

(2) Item and amount of surplus to be decreased

Retained earnings brought forward 9,000,000,000 yen

Proposal No. 2: Share Consolidation

1. Reasons for share consolidation

Stock exchanges nationwide released the “Action Plan for Consolidating Trading Units” and aim to standardize the trading unit for the common stock of all domestic listed companies to 100 shares.

The Bank, as a company listed on the Tokyo Stock Exchange, respects the idea and will change the trading unit of shares of the Bank from 1,000 shares to 100 shares. At the same time, the Bank will make the investment unit of shares of the Bank to the level desired by stock exchanges (50,000 yen or more and less than 500,000 yen) and conduct share consolidation (consolidating five shares into one share) also taking into account the stable holding of shares by our shareholders and share price fluctuations in the medium to long term.

2. Details of share consolidation

(1) Class of shares to be consolidated and ratio of consolidation

The Bank intends to consolidate the common stock of the Bank in the ratio of five shares to one share.

If the share consolidation results in fractions of less than one share, they will be disposed of by sale at once pursuant to the provisions of the Companies Act and the disposal proceeds will be distributed to shareholders in proportion to the ratio of fractions held by each of them to the total number of fractions.

(2) Effective date of share consolidation

October 1, 2018

(3) Total number of authorized shares as of the effective date

100,000,000 shares

3. Other matters

Share consolidation pertaining to this Proposal shall be subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation” as proposed. It is asked that other necessary matters be left entirely to the discretion of the Board of Directors.

<Reference>

References common to Proposals from No. 3 to No. 7

The Bank intends to make a transition to a “company with an audit and supervisory committee” newly established by the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014; the “Revised Companies Act”) enforced on May 1, 2015, for the purpose of further enhancing corporate governance.

Proposals from No. 3 to No. 7 described on pages 7 to 23 in this notice of convocation are all related to the transition. Therefore, in making these Proposals, the Bank provides the overview of “a company with audit and supervisory committee” and an explanation on the reasons for the Bank to make the transition from “a company with board of statutory auditors” to “a company with audit and supervisory committee” below.

■ Overview of a company with audit and supervisory committee

- A company with audit and supervisory committee means a stock company that has an audit and supervisory committee in place, and such company may not have statutory auditors or a board of statutory auditors in place.
- The audit and supervisory committee must be comprised of three or more directors who are audit and supervisory committee members and the majority of them must be outside directors. In addition, while the term of office of directors who are not audit and supervisory committee members is one year, that of directors who are audit and supervisory committee members is two years.
- Directors who are audit and supervisory committee members hold voting rights at the Board of Directors meetings and will be engaged in general decision-making such as decisions on proposals for the election and dismissal of directors, the election and dismissal of representative directors and the execution of other operations (excluding matters for which decision-making is delegated to directors). In addition, the audit and supervisory committee has authority to state its opinion at a general meeting of shareholders on the election, dismissal and compensation of directors who are not audit and supervisory committee members. Supervisory functions of audit and supervisory committee members and the audit and supervisory committee are made stronger in these respects compared with those of statutory auditors and the board of statutory auditors.
- A company with audit and supervisory committee may delegate all or part of decisions on the execution of important operations to directors by a resolution of a board of directors meeting in cases such as where the Articles of Incorporation provide for such delegation. This allows for the delegated directors to promptly make business decisions and flexibly execute operations, while the board of directors will be allowed to strengthen the supervisory functions over the persons who execute operations.

■ Reasons for the transition

The Bank aims to further improve corporate value through the transition to a company with audit and supervisory committee, by granting voting rights at the Board of Directors meetings to Directors who are Audit & Supervisory Committee Members (including multiple Outside Directors) and the strengthening supervisory functions of the Board of Directors, and at the same time further enhance corporate governance.

■ Proposals from No. 3 to No. 7

Modifications to the Articles of Incorporation are required for the Bank to make a transition to a company with audit and supervisory committee. Therefore, the Bank proposes, together with other modifications, the required modifications in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

In addition, a company with audit and supervisory committee needs to elect directors who are not audit and supervisory committee members distinct from directors who are audit and supervisory committee members. Therefore, the Bank proposes to elect Directors who are not Audit & Supervisory Committee Members in Proposal No. 4 and Directors who are Audit & Supervisory Committee Members in Proposal No. 5, respectively.

Furthermore, a company with audit and supervisory committee needs to stipulate the amount of compensation, etc., for directors who are not audit and supervisory committee members distinct from that for directors who are audit and supervisory committee members. Therefore, the Bank proposes the amount of compensation, etc., for Directors who are not Audit & Supervisory Committee Members in

Proposal No. 6 and that for Directors who are Audit & Supervisory Committee Members in Proposal No. 7.

Proposal No. 3: Partial Amendment to Articles of Incorporation

1. Reasons for proposal

- (1) The system of a company with audit and supervisory committee was introduced as a new organizational structure in the “Revised Companies Act.” In connection with this, the Bank desires to make a transition from a company with board of statutory auditors to a company with audit and supervisory committee with the aim of strengthening the audit and supervisory functions of the Board of Directors by making the Audit & Supervisory Committee Members who are in charge of auditing the execution of the duties by the Board of Directors the members of the Board and thereby further enhancing corporate governance. Accordingly, the Bank newly establishes provisions related to Directors who are Audit & Supervisory Committee Members and the Audit & Supervisory Committee, deletes provisions related to Audit & Supervisory Board Members and the Audit & Supervisory Board and makes other necessary amendments for the transition to a company with audit and supervisory committee. In addition, the Bank newly establishes provisions related to the delegation of authority to Directors that allows for more efficient management and flexible decision-making.
- (2) The Bank desires to amend provisions related to liability limitation agreements in order to make it possible to enter into such agreements with Directors who do not engage in the execution of operations. The Bank has obtained the consent of the Audit & Supervisory Board Members in advance for the amendments to the Articles of Incorporation pertaining to liability limitation agreements.
- (3) Exemption of the Audit & Supervisory Board Members from liability is provided for in Article 31, Paragraph 1 of the current version of the Articles of Incorporation. In this regard, Article 1 of the Supplementary Provisions shall be newly established to provide for provisional measures related to the exemption of the Audit & Supervisory Board Members from liability in order to clarify that, even after the deletion of said provisions, the exemption of the Audit & Supervisory Board Members from liability with regard to acts prior to the deletion is possible.
- (4) Article 31 shall be newly established in the Articles of Incorporation in order to provide that dividends of surplus, etc., may be made by a resolution of a Board of Directors meeting so that the capital policy and the dividend payout policy may be flexibly implemented.
- (5) Subject to the approval of Proposal No. 2 “Share Consolidation” as proposed, Article 6 of the current version of the Articles of Incorporation shall be amended to reduce the total number of shares authorized to be issued according to the ratio of consolidation, and Article 7 of the current version of the Articles of Incorporation shall be amended to change the number of shares constituting one unit of shares from 1,000 shares to 100 shares.
- (6) Other required amendments shall be made including corrections of words in association with the above amendments.

2. Details of the amendments

The details of the amendments are as follows.

Article 2 of the Supplementary Provisions shall be established in order to provide that the above amendments to Articles 6 and 7 of the current version of the Articles of Incorporation shall take effect on October 1, 2018, the effective date of the share consolidation in Proposal No. 2. These Supplementary Provisions shall be deleted after the effective date of the share consolidation. In addition, amendments other than those to Article 6 (Total Number of Shares Authorized to be Issued) and Article 7 (Number of Shares Constituting One Unit of Shares) shall take effect at the conclusion of this Annual General Meeting of Shareholders.

(Amended parts are underlined.)

Current version	Proposed amendment
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1 - Article 3 (Omitted)	Article 1 - Article 3 (Same as present)
Article 4 (Organizations) The Bank shall have the following organizations other than the General Meeting of Shareholders and Directors. 1. Board of Directors 2. <u>Audit & Supervisory Board Members</u> 3. <u>Audit & Supervisory Board</u> 4. <u>Accounting Auditor</u>	Article 4 (Organizations) The Bank shall have the following organizations other than the General Meeting of Shareholders and Directors. 1. Board of Directors 2. <u>Audit & Supervisory Committee</u> (Deleted) 3. <u>Accounting Auditor</u>
Article 5 (Omitted)	Article 5 (Same as present)
Chapter 2 Shares	Chapter 2 Shares
Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares of the Bank authorized to be issued shall be <u>500,000,000</u> shares.	Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares of the Bank authorized to be issued shall be <u>100,000,000</u> shares.
Article 7 (Number of Shares Constituting One Unit of Shares) The number of shares constituting one unit of shares of the Bank shall be <u>1,000</u> shares.	Article 7 (Number of Shares Constituting One Unit of Shares) The number of shares constituting one unit of shares of the Bank shall be <u>100</u> shares.
Article 8 - Article 11 (Omitted)	Article 8 - Article 11 (Same as present)
Chapter 3 General Meeting of Shareholders	Chapter 3 General Meeting of Shareholders
Article 12 - Article 18 (Omitted)	Article 12 - Article 18 (Same as present)
Chapter 4 Directors and the Board of Directors	Chapter 4 Directors and the Board of Directors
Article 19 (Number of Directors) The number of Directors of the Bank shall not exceed <u>10</u> . (Newly established)	Article 19 (Number of Directors) The number of Directors of the Bank shall not exceed <u>15</u> . <u>2. The number of Directors who are Audit & Supervisory Committee Members of the Bank shall be at least three.</u>
Article 20 (Election) A resolution to elect Directors shall be made by a majority of the voting rights of shareholders where the shareholders who hold one third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present at the General Meeting of Shareholders.	Article 20 (Election) A resolution to elect Directors shall be made, <u>distinguishing between Directors who are Audit & Supervisory Committee Members and those who are not</u> , by a majority of the voting rights of shareholders where the shareholders who hold one third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present at the General Meeting of Shareholders.

Current version	Proposed amendment
<p>2. (Omitted)</p> <p>Article 21 - Article 22 (Omitted)</p> <p>Article 23 (Term of Office) The term of office of Directors shall expire at the conclusion of the Annual General Meeting of Shareholders to be held for the last business year ending within <u>two years</u> after their election.</p> <p><u>2. The term of office of a Director who is elected to fill a vacancy shall be the remaining term of office of the predecessor.</u> (Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>2. (Same as present)</p> <p>Article 21 - Article 22 (Same as present)</p> <p>Article 23 (Term of Office) The term of office of Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> shall expire at the conclusion of the Annual General Meeting of Shareholders to be held for the last business year ending within <u>one year</u> after their election. (Deleted)</p> <p><u>2. The term of office of Directors who are Audit & Supervisory Committee Members shall expire at the conclusion of the Annual General Meeting of Shareholders to be held for the last business year ending within two years after their election.</u></p> <p><u>3. The term of office of a Director who is an Audit & Supervisory Committee Member and has been elected to replace a Director who was an Audit and Supervisory Committee Member and had resigned before the expiry of his/her term of office shall be the remaining term of office of the predecessor.</u></p> <p><u>4. The period during which the resolution for electing a replacement Director who is an Audit & Supervisory Committee Member elected pursuant to Article 329, Paragraph 3 of the Companies Act remains effective shall expire at the opening of the Annual General Meeting of Shareholders to be held for the last business year ending within two years after his/her election.</u></p>
<p>Article 24 (Board of Directors) (Omitted)</p> <p>2. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Audit & Supervisory Board Member</u> at least three days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.</p> <p>3. The Board of Directors may hold a meeting without the procedures of convocation if the consent of all Directors <u>and Audit & Supervisory Board Members</u> is obtained.</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p>	<p>Article 24 (Board of Directors) (Same as present)</p> <p>2. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.</p> <p>3. The Board of Directors may hold a meeting without the procedures of convocation if the consent of all Directors is obtained.</p> <p>4. (Same as present)</p> <p>5. (Same as present)</p>

Current version	Proposed amendment
<p>(Newly established)</p>	<p><u>Article 25 (Delegation of Decisions on the Execution of Important Operations)</u> <u>Pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Bank may delegate all or part of decisions on the execution of important operations (excluding matters listed in items of Paragraph 5 of the said article) to Directors by a resolution of a Board of Directors meeting.</u></p>
<p>(Newly established)</p>	<p><u>Article 26 (Compensation, etc.)</u> <u>Compensation, bonus and other property benefits to be paid to Directors as consideration for the execution of the duties shall be determined, distinguishing between Directors who are Audit & Supervisory Committee Members and those who are not, by a resolution of the General Meeting of Shareholders.</u></p>
<p>Article <u>25</u> (Exemption of Directors from Liability) (Omitted) 2. The Bank may enter into agreements with <u>Outside Directors</u> to limit the liability for damages arising from neglect of duties pursuant to the provision of Article 427, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability under such agreement shall be <u>the sum of the amounts listed in items of Article 425, Paragraph 1 of the same Act.</u></p>	<p>Article <u>27</u> (Exemption of Directors from Liability) (Same as present) 2. The Bank may enter into agreements with Directors (<u>excluding Executive Directors, etc.</u>) to limit the liability for damages arising from neglect of duties pursuant to the provision of Article 427, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability under such agreement shall be <u>the maximum amount stipulated by laws and regulations.</u></p>
<p><u>Chapter 5 Audit & Supervisory Board Members and the Audit & Supervisory Board</u></p>	<p>(Deleted)</p>
<p><u>Article 26 (Number of the Audit & Supervisory Board Members)</u> <u>The number of Audit & Supervisory Board Members of the Bank shall not exceed five.</u></p>	<p>(Deleted)</p>
<p><u>Article 27 (Election)</u> <u>A resolution to elect Audit & Supervisory Board Members shall be made by a majority of the voting rights of shareholders where the shareholders who hold one third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present at the General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p><u>Article 28 (Full-time Audit & Supervisory Board Members)</u> <u>The Audit & Supervisory Board shall elect by a resolution the full-time Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board may appoint by a resolution the standing Audit & Supervisory Board Members from among the full-time Audit & Supervisory Board Members.</u></p>	<p>(Deleted)</p>

Current version	Proposed amendment
<p><u>Article 29 (Term of Office)</u> <u>The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Annual General Meeting of Shareholders to be held for the last business year ending within four years after their election.</u> <u>2. The term of office of an Audit & Supervisory Board Member who is elected to fill a vacancy shall be the remaining term of office of the predecessor.</u></p>	<p>(Deleted)</p>
<p><u>Article 30 (Audit & Supervisory Board)</u> <u>Notice of convocation of a meeting of the Audit & Supervisory Board shall be sent to each Audit & Supervisory Board Member at least three days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.</u> <u>2. An Audit & Supervisory Board meeting may be held without the procedures of convocation if the consent of all Audit & Supervisory Board Members is obtained.</u> <u>3. Matters related to the Audit & Supervisory Board shall be governed by the rules of the Audit & Supervisory Board stipulated by the Audit & Supervisory Board in addition to laws and regulations and the Articles of Incorporation.</u></p>	<p>(Deleted)</p>
<p><u>Article 31 (Exemption of Audit & Supervisory Board Members from Liability)</u> <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Bank may, by a resolution by the Board of Directors, exempt Audit & Supervisory Board Members (including those who were Audit & Supervisory Board Members) from their liability for damages to the Bank arising from neglect of duties to the extent as provided in laws and regulations.</u> <u>2. The Bank may enter into agreements with Outside Audit & Supervisory Board Member to limit the liability for damages arising from neglect of duties pursuant to the provision of Article 427, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability under such agreement shall be the sum of the amounts listed in items of Article 425, Paragraph 1 of the same Act.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Chapter 5 Audit & Supervisory Committee</u></p>

Current version	Proposed amendment
(Newly established)	<u>Article 28 (Audit & Supervisory Committee)</u> <u>Notice of convocation of a meeting of the Audit & Supervisory Committee shall be sent to each Audit & Supervisory Committee Member at least three days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.</u> <u>2. An Audit & Supervisory Committee meeting may be held without the procedures of convocation if the consent of all Audit & Supervisory Committee Members is obtained.</u> <u>3. Matters related to the Audit & Supervisory Committee shall be governed by the rules of the Audit & Supervisory Committee stipulated by the Audit & Supervisory Committee in addition to laws and regulations and the Articles of Incorporation.</u>
(Newly established)	<u>Article 29 (Full-time Audit & Supervisory Committee Members)</u> <u>The Audit & Supervisory Committee may elect by a resolution full-time Audit & Supervisory Committee Members.</u>
Chapter 6 Accounts	Chapter 6 Accounts
Article <u>32</u> (Omitted)	Article <u>30</u> (Same as present)
(Newly established)	<u>Article 31 (Organization to Decide on Dividends of Surplus, etc.)</u> <u>Unless otherwise stipulated in laws and regulations, the Bank may decide on dividends of surplus and other matters stipulated in items of Article 459, Paragraph 1 of the Companies Act by a resolution of a Board of Directors meeting.</u>
<u>Article 33 (Dividends of Surplus)</u> <u>Dividends of surplus of the Bank may be paid by a resolution of the General Meeting of Shareholders to the shareholders or the registered pledgees of shares listed in or registered on the shareholder register as of the last day of each business year.</u> <u>2. In addition to the provision of the preceding paragraph, interim dividends of the Bank may be paid by a resolution of a Board of Directors meeting to the shareholders or the registered pledgees of shares listed in or registered on the shareholder register as of September 30 of each year.</u>	<u>Article 32 (Record Date of Dividends of Surplus)</u> <u>The record date of year-end dividends of the Bank shall be March 31 of each year.</u> <u>2. The record date of interim dividends of the Bank shall be September 30 of each year.</u>
<u>Article 34 (Acquisition of Treasury Shares)</u> <u>The Bank may acquire its own shares by a resolution of a Board of Directors meeting pursuant to the provision of Article 165, Paragraph 2 of the Companies Act.</u>	(Deleted)
Article <u>35</u> (Omitted)	Article <u>33</u> (Same as present)

Current version	Proposed amendment
(Newly established)	<u>(Supplementary Provisions)</u>
(Newly established)	<u>Article 1 (Provisional Measures for Exemption of Audit & Supervisory Board Members from Liability)</u> <u>The Bank may, by a resolution of a Board of Directors meeting, exempt the Audit & Supervisory Board Members specified by Article 423, Paragraph 1 of the Companies Act (including those who were Audit & Supervisory Board Members) from liability for damages with regard to acts prior to the conclusion of the 206th Annual General Meeting of Shareholders to the extent as provided in laws and regulations.</u>
(Newly established)	<u>Article 2 (Special Provision Related to Effectuation)</u> <u>Amendments to Articles 6 and 7 shall take effect on October 1, 2018, and these Supplementary Provisions shall be deleted after that day.</u>

Proposal No. 4: Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

Subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation,” the Bank makes a transition to a company with an audit and supervisory committee.

Accordingly, as the terms of office of all six (6) incumbent Directors will expire at the conclusion of this Annual General Meeting of Shareholders, the election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter in this proposal) is proposed. Director Toshihiro Kamada passed away on December 5, 2017 and Director Kenzo Asaoka passed away on December 16, 2017, and retired from the office of Director as of those days, respectively.

This proposal shall take effect subject to the effectuation of amendments to the Articles of Incorporation pertaining to the transition to a company with an audit and supervisory committee in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

The candidates for Directors are as follows.

The candidates for Directors have been decided upon consultation by the Advisory Committee.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Bank and significant concurrent positions	Number of shares of the Bank held
1	Yoshifumi Okada (September 6, 1956) [Reappointment]	<p>April 1979 Joined the Bank June 1998 General Manager, Kawauchi Branch February 2000 General Manager, Nishi Osaka Branch June 2001 General Manager, Credit Division June 2004 Director, General Manager, Corporate Planning Division June 2006 Managing Director June 2008 President and Director (Representative Director) April 2017 Chairman and Director (current position) (In charge of Administration Headquarters (Business Administration Division, Risk Management Division))</p> <p>(Significant concurrent positions) Representative Executive Secretary, Tokushima Association of Corporate Executives</p> <p>[Reason for nomination as a Director candidate] Mr. Okada has extensive work experience in the credit and corporate planning divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Director since 2004, the President and Director since 2008 and the Chairman and Director since 2017 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	106,715

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Bank and significant concurrent positions	Number of shares of the Bank held
2	Susumu Nagaoka (January 12, 1957) [Reappointment]	<p>April 1980 Joined the Bank January 1997 General Manager, Edogawa Branch August 2000 General Manager, Aizumi Branch June 2002 General Manager, General Administration Division June 2004 General Manager, Sales Promotion Division June 2006 Executive Officer, General Manager, Credit Division June 2008 Director, General Manager, Human Resources Division June 2010 Director, General Manager, Tokyo Branch June 2012 Managing Director June 2016 Senior Managing Director April 2017 President and Director (Representative Director) (current position) (Significant concurrent positions) Chairman, Tokushima Prefecture Bankers Association</p> <p>[Reason for nomination as a Director candidate] Mr. Nagaoka has extensive work experience in the credit and human resources divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Director since 2008, a Senior Managing Director since 2016 and the President and Director since 2017 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	35,000
3	Yasuo Onishi (September 23, 1955) [Reappointment]	<p>April 1979 Joined the Bank February 1999 General Manager, Itano Branch August 2000 General Manager, Okayama Branch February 2002 General Manager, Sales Promotion Division June 2004 Director, General Manager, Human Resources Division June 2006 Managing Director June 2014 Senior Managing Director (Representative Director) April 2017 Vice President and Director (Representative Director) (current position) (In charge of Business Management Division)</p> <p>[Reason for nomination as a Director candidate] Mr. Onishi has extensive work experience in the sales promotion and human resources divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Director since 2004, a Senior Managing Director since 2014 and the Vice President and Director since 2017 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	24,000

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Bank and significant concurrent positions	Number of shares of the Bank held
4	Takehisa Fukunaga (August 28, 1961) [Reappointment]	<p>April 1984 Joined the Bank</p> <p>June 2003 General Manager, Itano Branch</p> <p>June 2005 General Manager, Sakai Branch</p> <p>June 2007 General Manager, Corporate Administration Division</p> <p>June 2008 General Manager, Credit Division</p> <p>June 2009 General Manager, Corporate Planning Division</p> <p>June 2010 Executive Officer, General Manager, Corporate Planning Division</p> <p>June 2012 Director, General Manager, Corporate Planning Division and General Manager, Management Quality Promotion Division</p> <p>June 2013 Director, General Manager, Human Resources Division</p> <p>June 2014 Managing Director (current position) (In charge of Credit Division, Securities and International Division)</p> <p>[Reason for nomination as a Director candidate] Mr. Fukunaga has extensive work experience in the corporate planning and human resources divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Director since 2012 and a Managing Director since 2014 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	20,392
5	Toshiyuki Miyoshi (June 8, 1958) [Reappointment]	<p>April 1981 Joined the Bank</p> <p>August 1996 Manager, Corporate Planning Division</p> <p>June 1997 Section Chief, Planning and Research Section, Corporate Planning Division</p> <p>August 1999 Section Chief, Sales Promotion Section, Sales Promotion Division</p> <p>June 2001 General Manager, Ishii Branch</p> <p>June 2003 General Manager, Kochi Branch</p> <p>June 2005 Section Chief, Corporate Section, Credit Division</p> <p>June 2006 General Manager, Human Resources Division</p> <p>June 2008 General Manager, Osaka Branch</p> <p>June 2012 Executive Officer, General Manager, Tokyo Branch</p> <p>June 2014 Managing Executive Officer, General Manager, Tokyo Branch</p> <p>June 2016 Managing Director (current position) (In charge of Sales Promotion Division)</p> <p>[Reason for nomination as a Director candidate] Mr. Miyoshi has extensive work experience in the credit and human resources divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Managing Director since 2016 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	18,000

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Bank and significant concurrent positions	Number of shares of the Bank held
6	Shiro Yamato (June 26, 1962) [New appointment]	<p>April 1986 Joined the Bank</p> <p>February 2002 Manager, Human Resources Division</p> <p>February 2004 Section Chief, Human Resources Section, Human Resources Division</p> <p>February 2008 General Manager, Wakimachi Branch</p> <p>June 2010 General Manager, Nishi Osaka Branch</p> <p>June 2013 Department Manager, Corporate Planning Division and General Manager, Management Quality Promotion Division</p> <p>June 2014 Executive Officer, General Manager, Business Management Division and General Manager, Value Project Division</p> <p>June 2015 Executive Officer, General Manager, Credit Division</p> <p>June 2017 Managing Executive Officer, General Manager, Administration Headquarters (current position)</p> <p>[Reason for nomination as a Director candidate] Mr. Yamato has extensive work experience in the human resources, corporate planning and credit divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as an Executive Officer since 2014 and a Managing Executive Officer since 2017 and has properly executed his duties in these positions. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	11,200
7	Atsunori Miura (April 24, 1963) [New appointment]	<p>April 1986 Joined the Bank</p> <p>February 2002 Manager, Credit Division</p> <p>February 2005 General Manager, Edogawa Branch</p> <p>June 2007 General Manager, Kitajima Branch</p> <p>June 2009 General Manager, Takamatsu Branch</p> <p>June 2012 General Manager, Administration Division</p> <p>June 2014 General Manager, Anan Branch and General Manager, Minobayashi Branch</p> <p>June 2015 Executive Officer, General Manager, Anan Branch and General Manager, Minobayashi Branch</p> <p>June 2016 Executive Officer, General Manager, Osaka Branch (current position)</p> <p>[Reason for nomination as a Director candidate] Mr. Miura has extensive work experience in the credit and administration divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as an Executive Officer since 2015 and has properly executed his duties in this position. He has been nominated as a candidate for Director as he is expected to continue to contribute to the management of the Bank drawing on such experience and knowledge.</p>	9,000

(Note) There is no special interest between the Bank and any of the candidates.

Proposal No. 5: Election of Seven (7) Directors Who Are Audit & Supervisory Committee Members

Subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation”, the Bank makes a transition to a company with audit and supervisory committee.

Accordingly, as the terms of office of all five (5) incumbent Audit & Supervisory Board Members will expire at the conclusion of this Annual General Meeting of Shareholders, the election of seven (7) Directors who are Audit & Supervisory Committee Members is proposed. The Bank has obtained the consent of the Audit & Supervisory Board for this proposal.

This proposal shall take effect subject to the effectuation of amendments to the Articles of Incorporation pertaining to the transition to a company with an audit and supervisory committee in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

The candidates for Directors who are Audit & Supervisory Committee Members have been decided upon consultation by the Advisory Committee.

No.	Name (Date of birth)	Career summary, positions and responsibility at the Bank and significant concurrent positions	Number of shares of the Bank held
1	Takao Kaide (July 26, 1955) [New appointment]	<p>April 1978 Joined the Bank</p> <p>January 1994 Section Chief, Credit No. 1 Section, Credit Division</p> <p>June 1995 Section Chief, Loan Planning Section, Credit Division</p> <p>August 1996 Manager, Corporate Planning Division</p> <p>January 1997 General Manager, Aizumi Branch</p> <p>June 1998 General Manager, Nishi Osaka Branch</p> <p>February 2000 General Manager, General Administration Division</p> <p>June 2002 Executive Officer, General Manager, Corporate Planning Division</p> <p>June 2004 Managing Executive Officer, General Manager, Naruto Branch and General Manager, Otsu Branch</p> <p>June 2006 Managing Director</p> <p>June 2014 Audit & Supervisory Board Member (current position)</p> <p>[Reason for nomination as a Director candidate] Mr. Kaide has extensive work experience in the administration and corporate planning divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as a Managing Director since 2006 and an Audit & Supervisory Board Member since 2014 and has properly executed his duties in these positions. He has been nominated as a candidate for Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions as an Audit & Supervisory Committee Member drawing on such experience and knowledge.</p>	28,300

No.	Name (Date of birth)	Career summary, positions and responsibility at the Bank and significant concurrent positions	Number of shares of the Bank held
2	Yasuhiro Komatsu (January 24, 1954) [New appointment]	<p>April 1977 Joined the Bank</p> <p>January 1993 Section Chief, Salary and Welfare Section, Human Resources Division</p> <p>August 1996 General Manager, Kuramoto Branch</p> <p>January 1998 General Manager, Sakai Branch</p> <p>June 2001 General Manager, Takamatsu Branch</p> <p>June 2004 General Manager, Komatsushima Branch</p> <p>June 2007 General Manager, Administration Division</p> <p>June 2010 General Manager, General Affairs Division</p> <p>June 2012 Audit & Supervisory Board Member (current position)</p> <p>[Reason for nomination as a Director candidate] Mr. Komatsu has extensive work experience in the administration and general affairs divisions in addition to the sales division and is well versed in the business of the Bank. He has been serving as an Audit & Supervisory Board Member since 2012 and has properly executed his duties in these positions. He has been nominated as a candidate for Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions as an Audit & Supervisory Committee Member drawing on such experience and knowledge.</p>	56,000
3	Hiroshi Sonoki (August 14, 1946) [New appointment] [Outside Director] [Independent Officer]	<p>April 1970 Joined Yamato Accounting Firm (current KPMG AZSA LLC)</p> <p>March 1977 Registered as a certified public accountant</p> <p>July 1994 Representative Partner, Asahi Audit Corp. (current KPMG AZSA LLC)</p> <p>June 2001 Managing Partner, Head Office and Managing Partner, Osaka Office</p> <p>June 2003 Senior Managing Partner</p> <p>June 2006 Head, Osaka Office, AZSA & Co. (current KPMG AZSA LLC)</p> <p>June 2009 Retired from AZSA & Co. (current KPMG AZSA LLC)</p> <p>July 2009 Opened Hiroshi Sonoki Certified Public Accountant Office (current position)</p> <p>June 2011 Audit & Supervisory Board Member, the Bank</p> <p>June 2015 Director, the Bank (current position)</p> <p>[Reason for nomination as an Outside Director candidate] Mr. Sonoki has expert knowledge of accounting and extensive experience in auditing listed companies, etc., as a certified public accountant. Although he has not been directly involved in corporate management, he has been providing appropriate opinions from a fair and impartial perspective, as he has been serving as an Outside Audit & Supervisory Board Member of the Bank since 2011 and an Outside Director of the Bank since 2015 and is well versed in the business activities, etc., of the Bank. He has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions from an independent perspective drawing on such experience and knowledge. Mr. Sonoki will have held office as an Outside Audit & Supervisory Board Member for four years and an Outside Director for three years at the conclusion of this Annual General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibility at the Bank and significant concurrent positions	Number of shares of the Bank held
4	<p style="text-align: center;">Akira Yonebayashi</p> <p>(August 20, 1951) [New appointment] [Outside Director] [Independent Officer]</p>	<p>November 1975 Joined Asahi & Co. (current KPMG AZSA LLC)</p> <p>March 1980 Registered as a certified public accountant</p> <p>July 2000 Representative Partner, Asahi Audit Corp. (current KPMG AZSA LLC)</p> <p>June 2005 Managing Partner, Osaka Office, AZSA & Co. (current KPMG AZSA LLC)</p> <p>June 2006 Managing Partner, Head Office</p> <p>June 2014 Retired from KPMG AZSA LLC</p> <p>July 2014 Opened Akira Yonebayashi Certified Public Accountant Office (current position)</p> <p>June 2015 Audit & Supervisory Board Member, the Bank (current position)</p> <hr/> <p>[Reason for nomination as an Outside Director candidate] Mr. Yonebayashi has expert knowledge of accounting and extensive experience in auditing listed companies, etc., as a certified public accountant. Although he has not been directly involved in corporate management, he has been providing appropriate opinions from a fair and impartial perspective, as he has been serving as an Outside Audit & Supervisory Board Member of the Bank since 2015 and is well versed in the business activities, etc., of the Bank. He has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions from an independent perspective drawing on such experience and knowledge. Mr. Yonebayashi will have held office as an Outside Audit & Supervisory Board Member for three years at the conclusion of this Annual General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibility at the Bank and significant concurrent positions	Number of shares of the Bank held
5	Kojiro Araki (February 18, 1960) [New appointment] [Outside Director]	<p>April 1983 Joined the Bank of Japan</p> <p>July 1999 Assistant to Director, Financial Markets Department</p> <p>June 2001 Assistant to Director, Bank Examination Department</p> <p>October 2003 Deputy General Manager, Matsumoto Branch</p> <p>July 2007 Chief Manager, Personnel and Corporate Affairs Department</p> <p>March 2009 Chief Manager, Research and Statistics Department</p> <p>October 2010 Chief Representative, Asahikawa Office</p> <p>June 2013 Chief Manager, Financial System and Bank Examination Department</p> <p>September 2014 Chief Representative, Tokushima Office</p> <p>May 2017 Chief Manager, Personnel and Corporate Affairs Department</p> <p>June 2017 Retired from the Bank of Japan</p> <p>June 2017 Audit & Supervisory Board Member, the Bank (current position)</p> <p>(Significant concurrent positions) General Secretary, Tokushima Economic Research Institute</p> <p>[Reason for nomination as an Outside Director candidate] Mr. Araki has outstanding insight on finances and regional economy as well as extensive experience in the financial industry. Although he has not been directly involved in corporate management, he has been providing appropriate opinions from a fair and impartial perspective, as he has been serving as an Outside Audit & Supervisory Board Member of the Bank since 2017. He has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions drawing on such experience and knowledge. Mr. Araki will have held office as an Outside Audit & Supervisory Board Member for one year at the conclusion of this Annual General Meeting of Shareholders.</p>	0
6	Hiroshi Fujii (February 27, 1954) [New appointment] [Outside Director] [Independent Officer]	<p>April 1981 Research Associate, Faculty of Economics of National Kagawa University (current National University Corporation Kagawa University)</p> <p>December 1982 Lecturer, Faculty of Economics</p> <p>February 1985 Associate Professor, Faculty of Economics</p> <p>February 1996 Professor, Faculty of Economics</p> <p>October 2009 President, Faculty of Economics</p> <p>October 2013 Executive Director, Vice President, National University Corporation Kagawa University</p> <p>October 2017 Professor, Faculty of Economics (current position)</p> <p>[Reason for nomination as an Outside Director candidate] Although he has not been directly involved in corporate management, Mr. Fujii has specialized knowledge and experience as an academic expert. He has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member as he is expected to be capable of properly performing management supervision functions from an independent perspective drawing on such experience and knowledge.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibility at the Bank and significant concurrent positions	Number of shares of the Bank held
7	Seiko Noda (February 17, 1964) [New appointment] [Outside Director] [Independent Officer]	<p>April 1986 Joined the Bank</p> <p>December 1992 Retired from the Bank</p> <p>April 1999 Registered as an attorney at law Joined Nagasawa Law Offices (current position)</p> <p>June 2007 Audit & Supervisory Board Member, TSUMURA & CO.</p> <p>April 2014 Criminal Defense Instructor, the Legal Training and Research Institute</p> <p>June 2015 Left office of Audit & Supervisory Board Member, TSUMURA & CO.</p> <p>March 2017 Left office of Criminal Defense Instructor, the Legal Training and Research Institute</p> <p>June 2017 Elected as a substitute Director who is Audit and Supervisory Committee Member, TSUMURA & CO. (current position)</p> <p>[Reason for nomination as an Outside Director candidate] Although she has not been directly involved in corporate management, Ms. Noda has extensive legal knowledge and experience as an attorney at law, and she has been serving as an Audit & Supervisory Board Member of a listed company for eight years since 2007. She has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member as she is expected to be capable of properly performing management supervision functions from an independent perspective drawing on such experience and knowledge.</p>	0

(Notes)

1. There is no special interest between the Bank and any of the candidates.
2. Mr. Hiroshi Sonoki, Mr. Akira Yonebayashi, Mr. Kojiro Araki, Mr. Hiroshi Fujii and Ms. Seiko Noda are candidates for Outside Directors.
3. Currently, the Bank has registered Mr. Hiroshi Sonoki as an independent officer with the Tokyo Stock Exchange, Inc. (TSE), and plans to designate him as an independent officer again if this proposal is approved. In addition, the Bank plans to register Mr. Akira Yonebayashi, Mr. Hiroshi Fujii and Ms. Seiko Noda as independent officers with the TSE if this proposal is approved.
4. The Bank has entered into a liability limitation agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members pursuant to Article 427, Paragraph 1 of the Companies Act. If this proposal is approved, the Bank plans to enter into a liability limitation agreement with each of them, who are non-Executive Directors, etc., pursuant to Article 427, Paragraph 1 of the Companies Act, subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation.” The maximum amount of the liability under such agreement shall be the maximum amount stipulated by laws and regulations.

Proposal No. 6: Determination of Amount of Compensation, etc., for Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

The maximum amount of compensation, etc., for Directors of the Bank, including their bonus, was set at 300 million yen per year at the 194th Annual General Meeting of Shareholders held on June 29, 2006. Given that the Bank will make a transition to a company with audit and supervisory committee if Proposal No. 3 “Partial Amendment to Articles of Incorporation” is approved as proposed, the Bank, again, proposes to change the maximum amount of compensation, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) after the transition to a company with audit and supervisory committee to 350 million yen per year, in consideration of the economic conditions and other circumstances. The Bank also proposes that the specific amount, timing, etc., of the payment to each Director shall be determined by resolution of the Board of Directors.

The amount of compensation, etc., for Directors does not include salary as an employee for Directors concurrently serving as an employee.

The number of Directors at present is six (including one Outside Director), and the number will be seven if Proposal No. 3 “Partial Amendment to Articles of Incorporation” and Proposal No. 4 “Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” are approved as proposed.

The contents of this proposal shall take effect subject to the effectuation of the amendments to the Articles of Incorporation pertaining to the transition to a company with audit and supervisory committee in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

Proposal No. 7: Determination of Amount of Compensation, etc., for Directors Who Are Audit & Supervisory Committee Members

Given that the Bank will make a transition to a company with audit and supervisory committee if Proposal No. 3 “Partial Amendment to Articles of Incorporation” is approved as proposed, the Bank proposes to change the maximum amount of compensation, etc., for Directors who are Audit and Supervisory Committee Members after the transition to a company with audit and supervisory committee to 100 million yen per year, in consideration of the economic conditions and other circumstances. It is also proposed that the specific amounts, timing, etc., of the payment to each Director who is an Audit & Supervisory Committee Member shall be determined upon consultation among Directors who are Audit & Supervisory Committee Members.

The number of Directors who are Audit & Supervisory Committee Members will be seven if Proposal No. 3 “Partial Amendment to Articles of Incorporation” and Proposal No. 5 “Election of Seven (7) Directors Who Are Audit & Supervisory Committee Members” are approved as proposed.

The contents of this proposal shall take effect subject to the effectuation of the amendments to the Articles of Incorporation pertaining to the transition to a company with audit and supervisory committee in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

Proposal No. 8: Granting of Condolence Money to Retired Directors and Granting of Retirement Benefits to Retiring Audit & Supervisory Board Members

It is proposed that condolence money be granted to the late Mr. Toshihiro Kamada who retired from office of Director due to his death on December 5, 2017, and the late Mr. Kenzo Asaoka who retired from office of Director due to his death on December 16, 2017, and retirement benefits be granted to Audit & Supervisory Board Member Takeaki Nishino, who will retire at the conclusion of this Annual General Meeting of Shareholders, in appreciation of their meritorious services to the Bank, in amounts within a reasonable range based on the specified standards of the Bank. It is also proposed that the decisions as to the specific amounts, timing, method, etc., of the payment for the retired Directors be entrusted to the Board of Directors and for the retiring Audit & Supervisory Board Member be entrusted to the consultation among Directors who are Audit & Supervisory Committee Members, subject to the approval of Proposal No. 5 “Election of Seven (7) Directors Who Are Audit & Supervisory Committee Members” as proposed.

This proposal shall take effect subject to the effectuation of the amendments to the Articles of Incorporation pertaining to the transition to a company with audit and supervisory committee in Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

The Career summaries of the retired Directors and the retiring Audit & Supervisory Board Member are as follows.

Name	Career summary	
Toshihiro Kamada	June 2014 December 2017	Director, the Bank Passed away
Kenzo Asaoka	June 2015 December 2017	Outside Director, the Bank Passed away
Takeaki Nishino	June 1995	Outside Audit & Supervisory Board Member, the Bank (current position)

Proposal No. 9: Payment of Retirement Benefits Associated with the Abolition of the Retirement Benefits System for Directors and Audit & Supervisory Board Members

The Bank passed a resolution at the Board of Directors meeting held on May 11, 2018 to abolish the retirement benefits system at the conclusion of this Annual General Meeting of Shareholders, after conducting a review of the officers' compensation as part of its efforts to strengthen corporate governance.

In connection with this, it is proposed that retirement benefits be granted to the six incumbent Directors and four incumbent Audit & Supervisory Board Members, excluding those who will retire at the conclusion of this meeting, in appreciation of their meritorious services to the Bank from the time when they assumed office up until the conclusion of this Annual General Meeting of Shareholders, in amounts within a reasonable range based on the specified standards of the Bank. It is also proposed that the timing of the payment shall be at the time of retirement, and the specific amounts, method, etc., of the payment for Directors be entrusted to the Board of Directors and for Audit & Supervisory Board Members be entrusted to the consultation among Directors who are Audit & Supervisory Committee Members, subject to the approval of Proposal No. 5 "Election of Seven (7) Directors Who Are Audit & Supervisory Committee Members" as proposed.

This proposal shall take effect subject to the effectuation of the amendments to the Articles of Incorporation pertaining to the transition to a company with audit and supervisory committee in Proposal No. 3 "Partial Amendment to Articles of Incorporation."

The Career summaries of Directors and Audit & Supervisory Board Members subject to the payment of retirement benefits in association with the abolition of the system are as follows.

Name	Career summary	
Yoshifumi Okada	June 2004 June 2006 June 2008 April 2017	Director, the Bank Managing Director President and Director (Representative Director) Chairman and Director (current position)
Susumu Nagaoka	June 2008 June 2012 June 2016 April 2017	Director, the Bank Managing Director Senior Managing Director President and Director (Representative Director) (current position)
Yasuo Onishi	June 2004 June 2006 June 2014 April 2017	Director, the Bank Managing Director Senior Managing Director (Representative Director) Vice President and Director (Representative Director) (current position)
Takehisa Fukunaga	June 2012 June 2014	Director, the Bank Managing Director (current position)
Toshiyuki Miyoshi	June 2016	Managing Director (current position)
Hiroshi Sonoki	June 2015	Outside Director, the Bank (current position)
Takao Kaide	June 2014	Audit & Supervisory Board Member, the Bank (current position)
Yasuhiro Komatsu	June 2012	Audit & Supervisory Board Member, the Bank (current position)
Akira Yonebayashi	June 2015	Outside Audit & Supervisory Board Member, the Bank (current position)
Kojiro Araki	June 2017	Outside Audit & Supervisory Board Member, the Bank (current position)

Proposal No. 10: Determination of Amount and Other Details of Performance-Linked and Share-Based Compensation, etc., for Directors, etc.

1. Reasons for proposal

While compensation for Directors of the Bank consists of “base compensation”, “bonus”, and “retirement benefits”, the Bank decided at the Board of Directors meeting held on May 11, 2018 to abolish the retirement benefits system for Directors and Audit & Supervisory Board Members at the conclusion of this Annual General Meeting of Shareholders, after conducting a review of the officers’ compensation system as part of its efforts to strengthen corporate governance. On the other hand, the Bank requests approval for newly introducing the performance-linked and share-based compensation plan (the “Plan”) under which shares of the Bank will be delivered to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the same shall apply hereinafter in this proposal) and Executive Officers (collectively with Directors, the “Directors, etc.”) of the Bank, subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation.”

This proposal is to request approval for paying compensation under the Plan to Directors, etc., according to their performance and rank, separate from the maximum amount of compensation in the case where Proposal No. 6 “Determination of Amount of Compensation, etc., for Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” is approved. It aims to clarify the linkage between compensation for Directors, etc., and business performance and the value of the shares of the Bank and thereby to heighten their motivation toward contributing to improved business performance and corporate value in the medium to long term. In this regard, the Bank believes that the introduction of this Plan is reasonable.

This proposal shall take effect subject to the approval of Proposal No. 3 “Partial Amendment to Articles of Incorporation” as proposed and the effectuation of the amendments to the Articles of Incorporation pertaining to the transition to a company with audit and supervisory committee to be made based on Proposal No. 3.

The number of Directors subject to the Plan is seven if Proposal No. 4 “Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” is approved as proposed.

While the Plan covers Executive Officers and compensation under the Plan includes Executive Officers as well, this proposal is made to propose the amount and other details of the overall compensation under the Plan in consideration of the possibility where a covered Executive Officer newly assumes the office of Director during the Applicable Period of the Plan. The number of Executive Officers who do not concurrently serve as Directors is six at the conclusion of this Annual General Meeting of Shareholders.

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

(1) Overview of the Plan

The Plan is based on a share-based compensation scheme where shares of the Bank are acquired through a trust using the amount of compensation for Directors, etc., contributed by the Bank, and shares of the Bank and the amount of money equivalent to the shares of the Bank converted into cash (hereinafter, the “Bank’s Shares, etc.”) are delivered and granted (hereinafter, “Delivery, etc.”) to Directors, etc. (The details are as provided in (2) below and thereafter.)

(i) Persons eligible for the Delivery, etc., of the Bank’s Shares, etc., under this proposal	<ul style="list-style-type: none"> • Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) • Executive Officers
(ii) Impact of the Bank’s shares subject to this proposal on the total number of shares outstanding	
Maximum amount of money contributed by the Bank *As provided in (2) below	<ul style="list-style-type: none"> • A total of 782 million yen for five business years
Maximum number of the Bank’s Shares, etc., of which Delivery, etc., to Directors is performed and the method of acquisition of shares of the Bank *As provided in (2) and (3) below	<ul style="list-style-type: none"> • The maximum total number of the Bank’s Shares, etc., delivered as Delivery, etc., to Directors, etc., for five business years is 1,685,000. • The maximum total number of points per business year to be granted to Directors, etc., is 337,000. One point is converted into one share of common stock of the Bank, and the ratio of

	<p>the number of the converted shares to the total number of issued shares of the Bank (as of March 31, 2018, after deduction of treasury shares) is approximately 0.15%.</p> <ul style="list-style-type: none"> • Shares of the Bank are acquired on the stock market or from the Bank (disposal of treasury shares). However, the Trust to be set in 2018 (as provided in (2) below) acquires the shares from the stock market, and therefore the shares will not be diluted under the Plan.
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* If Proposal No. 2 “Share Consolidation” is approved as proposed, the maximum total number of the Bank’s Shares, etc., delivered as Delivery, etc., to Directors, etc., for five business years will be 337,000, and the maximum total number of points per business year to be granted to Directors, etc., will be 67,400.

(iii) Details of performance indicators *As provided in (3) below	• To be determined according to net income, etc.
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(iv) Timing of Delivery, etc., of the Bank’s Shares, etc., to Directors, etc. *As provided in (4) below	• At the time of retirement of Directors, etc.
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(2) Maximum amount of money contributed by the Bank

The Plan covers five consecutive business years (which are initially the five business years that start in the business year ending on March 31, 2019 and end in the business year ending on March 31, 2023 and every five business years thereafter, if the trust period is extended). (The period covered by the Plan shall hereinafter be referred to as the “Applicable Period”.)

The Bank contributes money in the maximum total amount of 782 million yen for every Applicable Period as compensation for Directors, etc., and sets a trust (the “Trust”) with a trust period of five years (including extension of the trust period as described in the fourth paragraph; the same shall apply hereinafter) and with Directors, etc., who meet the requirements for eligible beneficiaries as beneficiaries of the Trust.

The Trust acquires shares of the Bank on the stock market or from the Bank (disposal of treasury shares) using the trusted money in accordance with the instructions given by the trust administrator (the Trust set in 2018 acquires the shares on the stock market) and, during the trust period, grants points to Directors, etc., according to their performance and rank and performs Delivery, etc., of the Bank’s Shares, etc.

At the expiry of the trust period of the Trust, the Trust may be continued by amending the trust contract or placing an additional trust as an alternative to newly setting the Trust. In this case, the trust period of the Trust will be extended for the same period as the initial trust period, and the five business years following the extension of the trust period will be the new Applicable Period. The Bank will provide an additional contribution up to a total of 782 million yen for every trust period and continue to grant points and perform the Delivery, etc., of the Bank’s Shares, etc., to Directors, etc., during the extended trust period; provided, however, that, if, in the case of providing the aforementioned additional contribution, there are residual shares of the Bank (excluding shares of the Bank corresponding to the points granted to Directors, etc., for which Delivery, etc., is incomplete) and money (collectively, the “Residual Shares, etc.”) in the trust assets prior to the extension, the total of the amount of the Residual Shares, etc., and the trust money additionally contributed by the Bank shall not exceed 782 million yen.

In addition, even in the case of the termination of the Trust, the Trust may not immediately be terminated, and the trust period may be extended for a limited period if a Director, etc., who meets the requirements for eligible beneficiaries remains in office at the time of the expiry of the trust period. In such case, however, no new points shall be granted to Directors, etc.

(3) Calculation method and the maximum number of the Bank’s Shares, etc., of which Directors, etc., receive Delivery, etc.

As a general rule, points shall be granted, every May during the trust period, to Directors, etc., who have been in office from July 1 of the preceding year to June 30 of the year, according to their performance and rank in the business year ended on March 31 of that year, and Delivery, etc., of the Bank’s Shares, etc., shall be performed at the time of retirement of the Directors, etc. (including retirement due to death; the same shall apply hereinafter), according to the number of accumulated points (the “Number of Accumulated Points”).

One point shall be equivalent to one share of common stock of the Bank (*1). In the case of any event where adjustments to the points are deemed legitimate such as the split and consolidation of shares of the Bank, the number of shares of the Bank per point will be adjusted according to the ratio of the share split, share consolidation, etc.

The maximum total number of points to be granted to Directors, etc., per business year shall be 337,000 (*2).

*1 The commencement date of the plan is slated to be October 1, 2018. In the event of the split, consolidation, etc., of shares of the Bank after that day, the number of shares of the Bank per point will be adjusted according to the ratio of the share split, share consolidation, etc.

*2 If Proposal No. 2 "Share Consolidation" is approved as proposed, the maximum total number of points per business year to be granted to Directors, etc., will be 67,400.

(4) Method and timing of Delivery, etc., of the Bank's Shares, etc., to Directors, etc.

Directors, etc., who meet the requirements for eligible beneficiaries shall receive the Delivery, etc., of the Bank's Shares, etc., in the number calculated according to (3) above at the time of their retirement.

In this case, such Directors, etc., will be granted shares of the Bank corresponding to 70% of the accumulated points (fractional shares are omitted), while the remaining shares of the Bank corresponding to the points are converted to money within the Trust and money equivalent to the amount of cash converted will be paid to such Directors, etc.

If a Director, etc., passes away during the trust period, all of the shares of the Bank corresponding to the Number of Accumulated Points as of that time shall be converted into cash within the Trust, and the heir of the Director, etc., shall receive money equivalent to the amount of cash converted.

(5) Voting rights concerning the shares of the Bank in the Trust

In order to ensure neutrality toward management, voting rights of shares of the Bank in the Trust shall not be exercised during the trust period.

(6) Other matters of the Plan

Other matters regarding the Plan shall be defined by the Board of Directors each time the Trust is set, an amendment is made to the trust contract, or an additional contribution is made to the Trust.