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(Securities Code: 8399)  
June 5, 2019

**To Shareholders with Voting Rights:**

Yasushi Kawakami  
President  
Bank of The Ryukyus, Limited.  
11-1, Kumoji 1-chome  
Naha, Okinawa, Japan

**NOTICE OF CONVOCAION OF  
THE 103RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 103rd Annual General Meeting of Shareholders of the Bank of The Ryukyus, Limited. (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 by submitting the Voting Rights Exercise Form or via the Internet (electromagnetic means). Please consider the Reference Documents for the General Meeting of Shareholders (described hereinafter), review “4. Instructions for Exercise of Voting Rights” on page 2, and exercise your voting rights.

- 1. Date and Time:** Thursday, June 27, 2019 at 10:00 a.m. Japan time
- 2. Place:** SAIKAI NO MA, 2F, ANA Crowne Plaza Okinawa Harborview,  
2-46 Izumizaki, Naha, Okinawa, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Bank’s 103rd Fiscal Year (from April 1, 2018 to March 31, 2019)
  2. Consolidated Financial Statements for the Bank’s 103rd Fiscal Year (from April 1, 2018 to March 31, 2019) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
- Proposals to be resolved:**
- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Ten (10) Directors
- Proposal No. 3:** Revision of Amounts of Compensation for Directors and Corporate Auditors
- Proposal No. 4:** Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)

#### 4. Instructions for Exercise of Voting Rights:

You can exercise your voting rights in the following three methods.

##### To attend the meeting:

Please submit your Voting Rights Exercise Form to the reception.

Date	Thursday, June 27, 2019
and	
Time	at 10:00 a.m. Japan time

##### To exercise your voting rights by mail:

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form to exercise your voting rights and return it to us so that it is received by the deadline designated below.

Voting	Wednesday, June 26, 2019
Deadline	
Line	at 5:00 p.m. Japan time

##### To exercise your voting rights via the Internet (electromagnetic means):

Please access the website (<https://evote.tr.mufg.jp/>) designated by the Bank for exercising voting rights and enter your votes for or against the proposals by the deadline designated below. (In Japanese version only.)

Voting	Wednesday, June 26, 2019
Deadline	
Line	at 5:00 p.m. Japan time

- (1) If you exercise your voting rights both by mail and via the Internet (electromagnetic means), the voting rights via the Internet (electromagnetic means) will be deemed valid.
- (2) If the voting rights are exercised via the Internet (electromagnetic means) multiple times, the last exercise of voting rights via the Internet (electromagnetic means) will be deemed valid.

End

□ Of the documents required to be attached to this Notice of Convocation, the following will be posted on the Bank's website (<https://www.ryugin.co.jp/corporate/ir/message/>), pursuant to laws and regulations and the Articles 16 of Incorporation of the Bank, and are not included with this Notice of Convocation.

##### 1. Business Report

- (1) Of items relating to the current state of the Bank, "Employee Situation," "Branch Situation," and "Other Items of Importance Relating to the Current State of the Bank"
- (2) Of items relating to company officers (Directors, Corporate Auditors), "Liability Limitation Agreement"
- (3) Of items relating to outside officers, "Concurrent Posts Held by Outside Officers and Other Situations"
- (4) Items relating to reservation vouchers for new shares of the Bank, etc.

- (5) Items relating to accounting auditors

##### 2. Financial Statements

- (1) Notes to the Non-consolidated Financial Statements
- (2) Non-consolidated Statements of Changes in Net Assets

- (6) Basic policy regarding the state of individuals who decide financial affairs and business policies
- (7) Systems to ensure appropriate business duties and the operational status of said systems
- (8) Items relating to specified wholly owned subsidiaries
- (9) Items relating to transactions with Parent Company, etc.
- (10) Items relating to accounting advisors
- (11) Other

- (3) Notes to the Consolidated Financial Statements
- (4) Consolidated Statements of Changes in Net Assets

As a result, the documents attached to this Notice of Convocation are a subset of the Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Accounting Auditor during preparation of the Audit Report, and a subset of the Business Report, Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Board of Corporate Auditors during preparation of the Audit Report.

□ Any updates to the Reference Documents for the General Meeting of Shareholders or the attached documents will be posted on the Bank's website (<https://www.ryugin.co.jp/corporate/ir/message/>). (In Japanese version only.)

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1: Appropriation of Surplus

As a basic policy, the Bank works to enrich internal reserves, while comprehensively taking into account business results, the financial environment, and the viewpoint, etc., of future improvement of shareholder value, to determine implementation of dividends.

In comprehensive consideration of the above policy and business results for the fiscal year under review, the Bank proposes the year-end dividends as detailed below based on the basic policy.

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount  
The Bank proposes 17.50 yen per share of common stock, and the total dividends will amount to 750,017,503 yen. As a result, full-year dividends will be 35 yen per share, including the interim dividend of 17.50 yen per share.
- (3) Effective date of distribution of surplus  
June 28, 2019

**Proposal No. 2:** Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of the General Meeting of Shareholders. Accordingly, the election of ten (10) Directors is proposed.

From the viewpoint of enhancing independence, objectivity, and accountability of the Board of Directors, the Bank has established a Corporate Governance Committee as a voluntary advisory committee for the Board of Directors, and candidates for Directors have been determined following deliberation by the Committee.

The candidates for Director are as follows.

No.	Name	Positions at the Bank		
1	Takei Kinjo	Chairman of the Board	Reappointment	
2	Yasushi Kawakami	President	Reappointment	
3	Tomoyuki Matsubara	Senior Managing Director	Reappointment	
4	Keishi Fukuhara	Managing Director	Reappointment	
5	Yasushi Tokashiki	Managing Director	Reappointment	
6	Yasushi Shiroma	Managing Director	Reappointment	
7	Kaoru Iguchi	Director and General Manager, Business Operations Department, Head Office	Reappointment	
8	Tatsuro Ishimine	Executive Officer and General Manager, Corporate Business Planning Department	New appointment	
9	Yoshiro Shimoji	Outside Director	Reappointment	Outside
10	Masanori Fukuyama	Outside Director	Reappointment	Outside

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
1	<p>Токеи Кинжо (Aug. 2, 1954)</p> <p>[Reappointment]</p> <p>Attendance at Board of Directors meetings: 15 / 15 (100%)</p>	<p>Apr. 1977 Joined the Bank</p> <p>Apr. 2001 General Manager, Risk Management Department</p> <p>Jun. 2004 Executive Officer and General Manager, General Planning Department</p> <p>Jun. 2005 Director and General Manager, General Planning Department</p> <p>Jun. 2008 Managing Director</p> <p>Apr. 2012 President</p> <p>Apr. 2017 Chairman of the Board To the present</p> <p>[Responsibilities at the Bank] Audit Department</p>	8,500 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Токеи Кинжо as a candidate for Director as he has experience and achievements as General Manager, Risk Management Department; Director and General Manager, General Planning Department; Managing Director; and President as well as serving as Chairman of the Board at the Bank since April 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			
2	<p>Yasushi Kawakami (Aug. 19, 1961)</p> <p>[Reappointment]</p> <p>Attendance at Board of Directors meetings: 15 / 15 (100%)</p>	<p>Apr. 1985 Joined the Bank</p> <p>Dec. 2010 Manager, Koza Branch</p> <p>Jun. 2012 General Manager, Business Administration Department</p> <p>Jun. 2013 Executive Officer and General Manager, Business Administration Department</p> <p>Jun. 2014 Director and General Manager, Business Administration Department</p> <p>Jun. 2015 Director and General Manager, General Planning Department General Manager, Subsidiaries &amp; Affiliates Office</p> <p>Jun. 2016 Managing Director</p> <p>Apr. 2017 President To the present</p>	5,200 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Yasushi Kawakami as a candidate for Director as he has experience and achievements as Director and General Manager, Business Administration Department; Director and General Manager, General Planning Department; and Managing Director as well as serving as President since April 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions			Number of shares of the Bank held
3	Tomoyuki Matsubara (Sep. 14, 1958)  [Reappointment]  Attendance at Board of Directors meetings: 15 / 15 (100%)	Apr.	1983	Joined the Bank	3,500 shares
		Jun.	2008	General Manager, Credit Department	
		Jun.	2011	Executive Officer and General Manager, Credit Department	
		Jun.	2012	Executive Officer and General Manager, System & Operations Planning Department	
		Jun.	2013	Director and General Manager, System & Operations Planning Department	
		Jun.	2014	Director and General Manager, General Planning Department; and General Manager, Subsidiaries & Affiliates Office	
		Jun.	2015	Managing Director	
		Apr.	2017	Senior Managing Director	
		To the present			
		[Responsibilities at the Bank] Business Administration Department, Business Promotion Department, System & Operations Planning Department and Operations Department			
Reason for election of the candidate for Director The Bank has chosen Mr. Tomoyuki Matsubara as a candidate for Director as he has experience and achievements as Executive Officer and General Manager, Credit Department; Director and General Manager, System & Operations Planning Department; Director and General Manager, General Planning Department; and Managing Director as well as serving as Senior Managing Director since April 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.					
4	Keishi Fukuhara (Sep. 27, 1960)  [Reappointment]  Attendance at Board of Directors meetings: 15 / 15 (100%)	Apr.	1984	Joined the Bank	2,600 shares
		Jun.	2007	Manager, Nago Branch	
		Jun.	2010	General Manager, Consulting Business Department	
		Jun.	2012	General Manager, Personnel Department	
		Jun.	2014	Executive Officer and General Manager, Personnel Department	
		Jun.	2015	Director and General Manager, Business Administration Department	
		Jun.	2016	Director, General Manager, General Planning Department and General Manager, Subsidiaries & Affiliates Office	
		Apr.	2017	Managing Director	
		To the present			
		[Responsibilities at the Bank] Credit Department and Risk Management Department			
Reason for election of the candidate for Director The Bank has chosen Mr. Keishi Fukuhara as a candidate for Director as he has experience and achievements as General Manager, Consulting Business Department; Executive Officer and General Manager, Personnel Department; Director and General Manager, Business Administration Department; and Director and General Manager, General Planning Department as well as serving as Managing Director since April 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.					

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
5	<p>Yasushi Tokashiki (Sep. 25, 1961)</p> <p>[Reappointment]</p> <p>Attendance at Board of Directors meetings: 15 / 15 (100%)</p>	<p>Apr. 1985 Joined the Bank</p> <p>Apr. 2006 Manager, Futenma Branch</p> <p>Apr. 2009 Senior Managing Director, Okinawa Credit Service Co., Ltd.</p> <p>Jun. 2012 Manager, Oroku Branch, the Bank</p> <p>Jun. 2014 General Manager, Business Operations Department, Head Office</p> <p>Jun. 2015 Executive Officer and General Manager, Business Operations Department, Head Office</p> <p>Jun. 2016 Director and General Manager, Business Promotion Department</p> <p>Apr. 2017 Managing Director To the present</p> <p>[Responsibilities at the Bank] Corporate Business Planning Department, Securities &amp; International Department and Corporate Finance Department</p>	2,200 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Yasushi Tokashiki as a candidate for Director as he has experience and achievements as Executive Officer and General Manager, Business Operations Department, Head Office; and Director and General Manager, Business Promotion Department as well as serving as Managing Director since April 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			
6	<p>Yasushi Shiroma (Apr. 12, 1962)</p> <p>[Reappointment]</p> <p>Attendance at Board of Directors meetings: 14 / 15 (93.3%)</p>	<p>Apr. 1985 Joined the Bank</p> <p>Feb. 2004 Manager, Uenokura Branch</p> <p>Jun. 2006 Manager, Nishizaki Branch</p> <p>Oct. 2008 Manager, Nishihara Branch</p> <p>Jun. 2014 General Manager, System &amp; Operations Planning Department</p> <p>Jun. 2015 Executive Officer and General Manager, Personnel Department</p> <p>Apr. 2017 Executive Officer, General Manager, General Planning Department and General Manager, Subsidiaries &amp; Affiliates Office</p> <p>Jun. 2017 Director and General Manager, General Planning Department; and General Manager, Subsidiaries &amp; Affiliates Office</p> <p>Apr. 2018 Managing Director To the present</p> <p>[Responsibilities at the Bank] General Planning Department, Personnel Department and General Affairs Department</p>	3,200 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Yasushi Shiroma as a candidate for Director as he has experience and achievements as General Manager, System &amp; Operations Planning Department; Executive Officer and General Manager, Personnel Department; and Director and General Manager, General Planning Department as well as serving as Managing Director since April 2018. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
7	<p>Kaoru Iguchi (Mar. 5, 1962)</p> <p>[Reappointment]</p> <p>Attendance at Board of Directors meetings: 11 / 11 (100%)</p>	<p>Apr. 1986 Joined the Bank</p> <p>Dec. 2010 Manager, Urasoe Branch</p> <p>Jun. 2013 Manager, Aja Branch</p> <p>Jun. 2015 General Manager, Business Promotion Department</p> <p>Jun. 2016 Executive Officer and General Manager, Business Administration Department</p> <p>Apr. 2017 Executive Officer and General Manager, Business Operations Department, Head Office</p> <p>Jun. 2018 Director and General Manager, Business Operations Department, Head Office</p> <p>To the present</p>	1,200 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Kaoru Iguchi as a candidate for Director as he has experience and achievements as General Manager, Business Promotion Department; Executive Officer and General Manager, Business Administration Department; and Executive Officer and General Manager, Business Operations Department, Head Office as well as serving as Director and General Manager, Business Operations Department, Head Office since June 2018. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			
8	<p>Tatsuro Ishimine (Jan. 29, 1963)</p> <p>[New appointment]</p> <p>Attendance at Board of Directors meetings: — / — (—%)</p>	<p>Apr. 1986 Joined the Bank</p> <p>Jun. 2007 Manager, Nishihara Branch</p> <p>Dec. 2012 Manager, Loan Promotion Group, Business Administration Department</p> <p>Jun. 2015 Manager, Corporate Business Promotion Group, Business Promotion Department</p> <p>Jun. 2016 General Manager, Consulting Business Department</p> <p>Apr. 2017 General Manager, Corporate Business Planning Department</p> <p>Jun. 2017 Executive Officer and General Manager, Corporate Business Planning Department</p> <p>To the present</p>	3,300 shares
<p>Reason for election of the candidate for Director</p> <p>The Bank has chosen Mr. Tatsuro Ishimine as a new candidate for Director as he has experience and achievements as Manager, Corporate Business Promotion Group; General Manager, Consulting Business Department; General Manager, Corporate Business Planning Department as well as serving as Executive Officer and General Manager, Corporate Business Planning Department since June 2017. Based on his wealth of experience, wide range of views regarding corporate management, as well as his social credibility, he is expected to execute the management of the Bank appropriately, fairly, and efficiently.</p>			



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
9	Yoshiro Shimoji (Sep. 12, 1957)  [Reappointment] [Outside]  Attendance at Board of Directors meetings: 14 / 15 (93.3%)	<div> <div>May 1981</div> <div>Joined Okinawa Prefectural Government</div> </div> <div> <div>Apr. 2009</div> <div>Director, Tourism Promotion Division, Department of Tourism Commerce</div> </div> <div> <div>Apr. 2011</div> <div>Deputy Director General in charge of Tourism Policies, Department of Culture, Tourism and Sports</div> </div> <div> <div>Apr. 2013</div> <div>Professor, Faculty of Tourism Sciences and Industrial Management, University of The Ryukyus; Assistant to President, University of The Ryukyus</div> </div> <div> <div>Apr. 2016</div> <div>Dean, Faculty of Tourism Sciences and Industrial Management</div> </div> <div> <div>Jun. 2016</div> <div>Outside Director of the Bank</div> </div> <div> <div>Apr. 2018</div> <div>Professor, Faculty of Global and Regional Studies, University of The Ryukyus</div> </div> <div> <div>To the present</div> <div>(Significant concurrent positions)</div> <div>Professor, Faculty of Global and Regional Studies, University of The Ryukyus</div> </div>	0 shares
Reason for election of the candidate for Outside Director Mr. Yoshiro Shimoji meets the Bank's independence standards for Independent Directors/Auditors, and with his ample experience in governmental bodies as well as his specialized knowledge as a university professor, he is expected to contribute to open, lively, and constructive discussions at the Bank's Board of Directors and has thus been made a candidate for Outside Director. Additionally, while he has no previous involvement in corporate management except as an outside director, the Bank believes that he has the capability to carry out his duties as Outside Director for the above reasons.			
10	Masanori Fukuyama (Nov. 8, 1950)  [Reappointment] [Outside]  Attendance at Board of Directors meetings: 10 / 11 (90.9%)	<div> <div>Apr. 1973</div> <div>Joined the Okinawa Development Finance Corporation</div> </div> <div> <div>Mar. 1999</div> <div>General Manager, Research Department</div> </div> <div> <div>Mar. 2003</div> <div>General Manager, First Loan Department</div> </div> <div> <div>Apr. 2007</div> <div>Director</div> </div> <div> <div>May 2009</div> <div>Deputy Director</div> </div> <div> <div>Jul. 2012</div> <div>Chief Director</div> </div> <div> <div>Jun. 2016</div> <div>Retired from Chief Director</div> </div> <div> <div>Jun. 2018</div> <div>Outside Director of the Bank</div> </div> <div> <div>To the present</div> <div>(Significant concurrent positions)</div> <div>None</div> </div>	0 shares
Reason for election of the candidate for Outside Director Mr. Masanori Fukuyama meets the Bank's independence standards for Independent Directors/Auditors, and with his ample experience and specialized knowledge regarding overall finance based on experience as Chief Director of a public financial institution, he is expected to contribute to open, lively, and constructive discussions at the Bank's Board of Directors and has thus been made a candidate for Outside Director.			

- (Notes)
- There are no special conflicts of interest between the Bank and any of the candidates for Director.
  - Messrs. Yoshiro Shimoji and Masanori Fukuyama are candidates for Outside Director.
  - Mr. Yoshiro Shimoji is currently an Outside Director of the Bank, and his term of offices as Outside Director will be three (3) years at the conclusion of the General Meeting.
  - Mr. Masanori Fukuyama is currently an Outside Director of the Bank, and his term of offices as Outside Director will be one (1) year at the conclusion of the General Meeting.
  - The Bank has registered Messrs. Yoshiro Shimoji and Masanori Fukuyama as Independent Directors/Auditors to the Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange, and if they are reelected and reappointed, the Bank plans to continue to designate them as Independent Directors/Auditors.
  - Pursuant to Article 427, Paragraph 1 of the Companies Act, the Bank has concluded liability limitation agreements with Messrs. Yoshiro Shimoji and Masanori Fukuyama to limit the amount of liability under Article 423, Paragraph 1 of the Companies Act to the total amount stipulated by each Item in Article 425, Paragraph 1 of the Companies Act. Furthermore, if they are reelected as Directors, the Bank plans to continue with the agreements.
- (Reference) The Bank's standards to determine independence for Independent Directors/Auditors are printed on pages 13 and 14.

**Proposal No. 3:** Revision of Amounts of Compensation for Directors and Corporate Auditors

The maximum monthly amount of compensation for Directors of the Bank was approved as 14 million yen (however, this does not include salary as an employee for Directors concurrently serving as employees) at the 73rd Annual General Meeting of Shareholders held on June 29, 1989, and the maximum monthly amount of compensation for Corporate Auditors of the Bank was approved as 3 million yen at the 66th Annual General Meeting of Shareholders of the Bank held on June 23, 1982, and these amounts have remained unchanged to the present. Subsequently, the Bank has paid basic compensation to Directors and Corporate Auditors within these respective maximum amounts, and has received approval at the Annual General Meeting of Shareholders each time it paid bonuses. In addition, at the 95th Annual General Meeting of Shareholders held on June 10, 2011, the Bank received approval for the payment of stock option compensation up to a maximum of 80 million yen per year and 900 share acquisition rights for Directors of the Bank, and a maximum of 13 million yen per year and 150 share acquisition rights for Corporate Auditors.

In order to ensure the fairness and objectivity of compensation for Directors, etc., in November 2015, the Bank established a Corporate Governance Committee chaired by an Outside Director with Independent Directors/Auditors comprising a majority of its members, as an advisory body for the Board of Directors. The Bank now intends to introduce a stock compensation plan, taking into consideration the results of deliberations by the Corporate Governance Committee, and shall revise the compensation plan to one consisting of three types of compensation: “basic compensation” (fixed), “officers’ bonuses” (linked to short-term business performance), and “stock compensation” (linked to the share price and medium- to long-term business performance), to ensure that Directors’ compensation functions as a sound incentive for the sustainable enhancement of the Bank’s corporate value.

Accordingly, the Bank proposes to change the maximum amount of Directors’ compensation from a monthly amount to an annual amount, and revise the maximum amount of Directors’ compensation to 168 million yen per year, equivalent to the existing monthly amount of compensation converted to an annual amount (within this amount, the maximum annual amount of compensation for Outside Directors shall be 15 million yen, not including employee salaries for Directors concurrently serving as employees), with basic compensation and bonuses for Directors paid by resolution of the Board of Directors, within the maximum annual amount. Furthermore, the Bank shall not pay bonuses to Outside Directors, taking into account the content of their duties.

In addition, the Bank also proposes to revise the maximum amount of compensation for Corporate Auditors to 36 million yen per year, equivalent to the existing monthly amount of compensation converted to an annual amount. Furthermore, the Bank shall only pay basic compensation to Corporate Auditors and shall not pay them bonuses, in view of their responsibilities.

There are currently ten (10) Directors (including two (2) Outside Directors) and four (4) Corporate Auditors (including three (3) Outside Corporate Auditors), and there shall be no change to these numbers even if Proposal No. 2, “Election of Ten (10) Directors” is approved and passed as originally proposed.

**Proposal No. 4: Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)**

The maximum monthly amount of compensation for Directors of the Bank was approved as 14 million yen (however, this does not include salary as an employee for Directors concurrently serving as employees) at the 73rd Annual General Meeting of Shareholders held on June 29, 1989, and the Bank also received approval for the payment of stock option compensation up to a maximum of 80 million yen per year to Directors of the Bank excluding Outside Directors, at the 95th Annual General Meeting of Shareholders held on June 10, 2011. In addition, if Proposal No. 3 “Revision of Amounts of Compensation for Directors and Corporate Auditors,” which has been presented at this General Meeting of Shareholders, is approved by shareholders, the maximum annual amount of compensation for Directors of the Bank will be 168 million yen (within this amount, the maximum annual amount of compensation for Outside Directors shall be 15 million yen, not including employee salaries for Directors concurrently serving as employees). As part of revisions to the officer compensation plan, the Bank proposes to pay new compensation for the granting of restricted shares to Directors of the Bank (excluding Outside Directors; hereinafter, referred to as “Eligible Directors”) separately to the above amount of compensation, in order to give Eligible Directors an incentive to endeavor to sustainably enhance the corporate value of the Bank and promote further shared interests with shareholders.

Under this Proposal, compensation paid to Eligible Directors for the granting of restricted shares shall be paid as monetary claims (“Monetary Compensation Claims”), and the total maximum amount thereof shall be 80 million yen per year, an amount regarded appropriate taking into consideration the above objectives.

The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors, with objectivity and transparency first ensured through deliberations by the Corporate Governance Committee.

There are currently ten (10) Directors (including two (2) Outside Directors), and there shall be no change to these numbers even if Proposal No. 2, “Election of Ten (10) Directors” is approved and passed as originally proposed.

Eligible Directors shall pay all Monetary Compensation Claims paid in accordance with this Proposal, pursuant to a resolution by the Board of Directors of the Bank, as property contributed in kind, and shall receive common shares of the Bank through issuance or disposal. The total maximum number of shares of common stock of the Bank to be issued or disposed of in this way shall be 80,000 shares per year (however, if a share split (including a gratis allotment of common stock of the Bank) or consolidation of shares is conducted in relation to the Bank’s common stock on or after the date this Proposal is approved and passed, or if other circumstances arise that require an adjustment to the total number of shares of common stock of the Bank issued or disposed of as restricted shares, the Bank shall adjust the total number of shares within a reasonable range).

In addition, the amount to be paid per share shall be determined by the Board of Directors, after deliberation by the Corporate Governance Committee, an advisory committee of the Board of Directors, within a range that is not particularly advantageous to the Eligible Directors receiving the shares of common stock, based on the closing price of the Bank’s common stock on domestic securities exchanges where the Bank’s common stock is listed, on the business day preceding the date of each resolution by the Board of Directors (if there are no trades on this day, the closing price on the most recent preceding trading day). When issuing or disposing of the Bank’s common stock in this way, the Bank shall enter into a restricted share allotment agreement with the Eligible Directors (an overview of the content thereof is provided in items (1) through (5); hereinafter, referred to as the “Allotment Agreement”).

Furthermore, the Bank shall abolish the stock option compensation plan for Directors, Corporate Auditors, and Executive Officers, excluding stock options that have already been granted, and shall not issue any new share acquisition rights as stock options to Directors, Corporate Auditors, and Executive Officers in future, subject to this Proposal being approved and passed.

**(1) Transfer restriction period**

Eligible Directors shall not be able to transfer, create security interests on, or otherwise dispose of (“Transfer Restrictions”) shares of the Bank’s common stock allotted under the Allotment Agreement (the “Allotted Shares”) for a period of 30 years from the date of allotment under the Allotment Agreement (the “Transfer Restriction Period”).

(2) Treatment upon retirement

If an Eligible Director retires from his or her position as Director of the Bank before the end of the period from the conclusion of the Annual General Meeting of Shareholders for each year until the conclusion of the Annual General Meeting of Shareholders for the following year (the “Expected Service Period”), the Company shall automatically acquire the Allotted Shares without consideration upon his or her retirement, excluding cases when the Eligible Director dies, or there are other justifiable reasons for retirement.

(3) Removal of transfer restrictions

Notwithstanding the provisions of the above item (1), the Bank shall remove Transfer Restrictions on all Allotted Shares when the Transfer Restriction Period ends, subject to the Eligible Director serving continuously in the position of Director of the Bank during the Expected Service Period set forth in the Allotment Agreement.

However, if the Eligible Director retires from his or her position as Director of the Bank before the end of the Expected Service Period owing to death or another justifiable reason, as provided for in the above item (2), the Bank shall reasonably adjust the number of Allotted Shares for which to remove Transfer Restrictions, as necessary, and remove the Transfer Restrictions at the time of retirement, in principle. In addition, if the Eligible Director retires from his or her position as Director of the Bank after the end of the Expected Service Period and before the end of the Transfer Restriction Period, owing to the expiration of his or her term of office or death or another justifiable reason, as provided for in the above item (2), the Bank shall remove Transfer Restrictions at the time of retirement, in principle. The Bank shall automatically acquire, without consideration, any Allotted Shares from which Transfer Restrictions have not been removed, immediately after the removal of Transfer Restrictions in accordance with the above rules.

(4) Treatment in organizational restructuring, etc.

Notwithstanding the provisions of the above item (1), if, during the Transfer Restriction Period, the General Meeting of Shareholders of the Bank approves a merger agreement with the Bank as the disappearing company, or share exchange agreement, share transfer plan, or other item related to organizational restructuring, etc. where the Bank will become a wholly owned subsidiary (or the Board of Directors of the Bank in cases when approval by the General Meeting of Shareholders of the Bank is not required in regard to the organizational restructuring, etc.), the Bank shall remove Transfer Restrictions ahead of the effective date of the organizational restructuring, etc. on a reasonably determined number of Allotted Shares, taking into consideration the period from the start of the Transfer Restriction Period until the approval date of the organizational restructuring, etc., by resolution of the Board of Directors of the Bank. In addition, in cases stipulated above, the Bank shall automatically acquire, without consideration, any Allotted Shares from which Transfer Restrictions have not been removed, immediately after the removal of Transfer Restrictions.

(5) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Bank.

Furthermore, the effectiveness of this Proposal shall be subject to Proposal No. 3 “Revision of Amounts of Compensation for Directors and Corporate Auditors” being approved and passed.

## (Reference)

### Independence Standards for Independent Directors/Auditors

#### 1. Requisites for Independence

Officers who are independent from the Bank, based on Tokyo Stock Exchange, Inc.'s "Guidelines Regarding Listing Management, etc.," meet the requisites for Outside Directors or Outside Corporate Auditors as demanded by laws, regulations, etc., and do not fall under any of the following items (1) to (7).

- (1) A party who has the Bank as a major client or their business executives
- (2) A major client of the Bank or their business executives
- (3) A consultant, accounting specialist, or legal specialist who receives a large amount of monetary or other assets from the bank outside of officer compensation (or in the case that said assets are received by a legal entity, association, or other organization, an individual belonging to said organization)
- (4) A major shareholder of the Bank or their business executives
- (5) A party to whom the Bank makes donations or their business executives
- (6) An individual who has recently fallen under any of the above categories (1) to (5)
- (7) A close relative of an individual who falls under any of the following items 1) to 4) (excluding individuals who are not of major importance)
  - 1) An individual who falls under the above (1) to (6)
  - 2) A business executive of a subsidiary company of the Bank
  - 3) A Director who is not a business executive of a subsidiary company of the Bank (applicable only when the independence of Outside Corporate Auditors is being determined)
  - 4) An individual who has recently fallen under the previous 2), 3), or who has been a business executive of the Bank (when determining the independence of Outside Corporate Auditors, this includes Directors who are not business executives)

#### 2. Standards for Judging Independence

The standards for judging the requisites stated in the above 1. in a practical fashion are as follows, based on Tokyo Stock Exchange, Inc.'s "Practical Considerations when Appointing Independent Director/Auditor."

##### (1) "Major Client"

"Major Client" in the above 1. (1)/(2) is defined as a business partner with whom a business relationship has been formed where an equivalent amount of influence as a parent or child company or a related company is held over the Bank or that business partner's business, etc., decision making, and specific standards are as follows.

- 1) For a party who has the Bank as a client, when two (2) or more percent of said party's net sales in the most recent fiscal year consists of sales from the Bank.
- 2) For clients of the Bank, when two (2) or more percent of the Bank's gross profit consists of revenue from said client.
- 3) For debtors, when two (2) or more percent of the Bank's net assets as of the end of the most recent fiscal year are being lent by the Bank to said client, or in cases where there are no other financial institutions that are conducting lending transactions of the same scale as the Bank's and when, according to a debtor classification, etc. determined by the Bank's self-assessment, the lending transaction with the Bank is essential to said client's funding to the degree that it is determined to be irreplaceably dependent upon it.
- 4) For depositors, when two (2) or more percent of the Bank's net assets as of the end of the most recent fiscal year are deposits made by said client to the Bank.

(2) "Business Executives"

Practical standards for determining a "business executive" in the above 1. (1)/(2)/(4)/(5)/(7) are the same as a business executive as established in Article 2, Paragraph 3, Item 6 of the Order for Enforcement of the Companies Act, and include both executive Directors as well as employees but not Corporate Auditors.

(3) "Large amount"

Practical standards for determining a "large amount" in the above 1. (3) are as follows.

1) A consultant, accounting, legal, or other professional who receives over 10 million yen in monetary or other compensation from the Bank in a year on average over the past three years in non-officer compensation

2) An individual who belongs to a consulting company, accounting office, legal office, or other company that provides specialized services whose net sales in the most recent fiscal year consists of payments from the Bank totaling two (2) or more percent

(4) "Major shareholders"

The practical standard for determining a "major shareholder" in the above 1. (4) is a shareholder with five (5) or more percent of voting rights.

(5) "Donations"

The practical standard for determining "A party to whom the Bank makes donations" in the above 1. (5) is an organization receiving a yearly average over the past three years of 10 million yen or thirty (30) percent of said organization's yearly total costs, whichever amount is greater.

(6) "Recent"

"Recent" in the above 1. (6) and 1. (7) is defined as a situation where an individual can currently be seen in substance as an individual who falls under any of the reasons listed in the above 1. (1) to 1. (5), and is practically defined by the standard of having fallen under any of the above 1. (1) to 1. (5) in the past one (1) year.

(7) "Major importance"

The practical standard for determining "major importance" in the above 1. (7) is as follows.

1) In the case of company business executives, an individual at the level of officer or general manager

2) For an individual belonging to a specialized service company, a Certified Public Accountant belonging to an audit corporation or an attorney belonging to a legal office (including so-called "associates")

(8) "Close relative"

"Close relative" in the above 1. (7) is defined as a spouse or a relative within two degrees

3. Independent Director/Auditor Selection Standards

If for reasons other than the above items 1. (1) to (7) the judgment is made that the selection of an individual may create a constant and substantive conflict of interest with the general shareholders of the Bank as a whole, said individual's independence may not be recognized. Also, even in the case that the above items 1. (1) to (7) apply to an individual, if in view of said individual's character, insight, etc., they are thought by the Bank to be an appropriate Independent Director/Auditor of the Bank, if said individual fulfills the requisites for Outside Directors or Outside Corporate Auditors according to the Companies Act and given that the reasons said individual is thought to be suited to be an Independent Director/Auditor of the Bank is externally explained, said individual may be made an Independent Director/Auditor of the Bank.