

These documents are partial translations of the Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Bank assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code: 8366)  
June 2, 2022

To Shareholders with Voting Rights:

Shojiro Takahashi  
President  
THE SHIGA BANK, LTD.  
1-38, Hamamachi, Otsu,  
Shiga, Japan

## NOTICE OF CONVOCATION OF THE 135th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We are pleased to announce that the 135th Annual General Meeting of Shareholders of THE SHIGA BANK, LTD. (the “Bank”) will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by writing or via electromagnetic means (the Internet). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter) and exercise your voting rights by Thursday, June 23, 2022 at 5:00 p.m. Japan time.

<b>1. Date and Time:</b>	Friday, June 24, 2022 at 10:00 a.m. Japan time
<b>2. Place:</b>	2F Hall, Head Office of the Bank, 1-38, Hamamachi, Otsu, Shiga, Japan
<b>3. Meeting Agenda:</b>	
<b>Matters to be reported:</b>	<ol style="list-style-type: none"> <li>1. The Business Report and Consolidated Financial Statements for the Bank’s 135th Fiscal Year (from April 1, 2021 to March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit &amp; Supervisory Board</li> <li>2. Non-Consolidated Financial Statements for the Bank’s 135th Fiscal Year (from April 1, 2021 to March 31, 2022)</li> </ol>
<b>Proposals to be resolved:</b>	
	<b>[Company Proposals]</b>
<b>Proposal No. 1:</b>	Appropriation of Surplus
<b>Proposal No. 2:</b>	Partial Amendments to the Articles of Incorporation
<b>Proposal No. 3:</b>	Election of One (1) Audit & Supervisory Board Member
<b>Proposal No. 4:</b>	Election of One (1) Substitute Audit & Supervisory Board Member
<b>Proposal No. 5:</b>	Determination of Remuneration for Allotting Restricted Shares to Directors (excluding Outside Directors)
	<b>[Shareholder Proposal]</b>
<b>Proposal No. 6:</b>	Appropriation of Surplus

## Guidance to Exercising Your Voting Rights

### Exercise of voting rights by attending the Meeting in person

If attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk.  
Time and date: Friday, June 24, 2022 at 10:00 a.m.

### Exercise of voting rights in writing

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return the form so that it will arrive no later than the deadline for exercise.

Exercise deadline: 5:00 p.m., Thursday, June 23, 2022 arrival

### Exercise of voting rights via electromagnetic means (the Internet)

Please access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) designated by the Bank and exercise your voting rights by following the on-screen guidance.

Exercise deadline: 5:00 p.m., Thursday, June 23, 2022

Please see pages 4 and 5 for details.

- (1) If you vote both in writing (Voting Rights Exercise Form) and via electromagnetic means (the Internet), the vote placed via electromagnetic means (the Internet) will be deemed valid.
- (2) If you exercise your vote multiple times via electromagnetic means (the Internet), the last vote exercised will be deemed valid.

End

1. Please note that persons other than shareholders, including proxies and their companions who are not shareholders, are not permitted to attend the General Meeting. When exercise your voting rights by proxy as stipulated in the Articles of Incorporation, please understand that the proxy must submit documentation proving power of attorney (a letter of attorney, etc.).
2. Pursuant to laws and regulations as well as Article 17 of the Articles of Incorporation of the Bank, the following items are posted on the Bank's website (<https://www.shigagin.com/investor/>) and are not included in the attached documents of this Notice of Convocation.
  - 1) "Matters concerning Share Subscription Rights of the Bank" and the "Systems to Ensure the Correctitude of Operations and Outline of the Operational Status of the Systems" of the Business Report
  - 2) "Consolidated Statement of Changes in Shareholders' Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
  - 3) "Non-consolidated Statement of Changes in Shareholders' Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial StatementsAccordingly, the attached documents in this Notice of Convocation are a part of the documents audited by the Accounting Auditor and the Audit & Supervisory Board during preparation of the Accounting Auditor's Report and the Audit Reports, respectively.
3. Any updates to the Reference Documents, the Business Report, the Consolidated Financial Statements, and Non-consolidated Financial Statements for the General Meeting of Shareholders will be posted on the Bank's website (<https://www.shigagin.com/investor/>).
4. The officers and employees of the Bank will implement semiformal dress code ("Eco - style") on the day of the meeting as a part of measures to prevent Global Warming, and as such we would like to ask shareholders to follow the same dress code when attending.

## **Exercise of voting rights in writing**

Exercise deadline: 5:00 p.m., Thursday, June 23, 2022 arrival

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return the form.

Example of filling in Voting Rights Exercise Form

If you approve Company proposals and the Board of Directors' opinion

If you approve, please be sure to put a circle in the box of "Disapprove" for a shareholder proposal, not "Approve."

The Board of Directors of the Bank takes this position.

If you oppose Company proposals and the Board of Directors' opinion

Proposal No. 6 is proposed by one (1) shareholder.  
The Board of Directors of the Bank opposes this proposal.  
Please see pages 16 to 17 for details.

\* If neither approval nor disapproval of a proposal is indicated, it shall be deemed a vote of approval for Company proposals and a vote of disapproval for shareholder proposals.

## **Guidance to Exercising Your Voting Rights via the Internet**

The exercise of voting rights via the Internet is only possible by accessing the Bank's website dedicated for the purpose of exercising voting rights (<https://evote.tr.mufg.jp/>) via a personal computer, smartphone or mobile phone.

### **Deadline for exercise of voting rights**

Until 5:00 p.m., Thursday, June 23, 2022

\* Please note that this service is unavailable every day between 2:00 a.m. and 5:00 a.m.

### **Method for scanning the QR code**

For smartphones

The "login ID" and "temporary password" are not required for exercising voting rights using a smartphone. You can log in by scanning the "login QR code" which is provided in the enclosed Voting Rights Exercise Form Sub Slip (right side).

\* Your voting rights can be exercised only once by using the method above.

Enter your vote for or against each of the proposals according to the on-screen guidance.

- Second and subsequent logins

- If you are unable to log in by scanning the QR code due to your smartphone model

Next page

QR Code is a registered trademark of DENSO WAVE INCORPORATED.

<To institutional investors>

You may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request for the use of the platform.

## Method for entering the “login ID” and “temporary password”

### For personal computers and second and subsequent logins from smartphones

#### 1. Access the website for exercising voting rights

<https://evote.tr.mufg.jp/>

Click “Next screen”

#### 2. Log in

Enter the “login ID” and “temporary password” indicated in the Sub Slip (right side) of the enclosed Voting Rights Exercise Form

Enter and click “Login”

#### 3. Change your password

Enter your “present password,” “new password” and “new password (for confirmation)”

**Please be careful not to forget your new password**

Click “Send”

Enter your vote for or against each of the proposals according to the on-screen guidance.

Depending on the Internet user environment, shareholders using personal computers or smartphones may not be able to exercise voting rights via the dedicated voting site due to Internet firewalls, antivirus software, proxy servers, or lack of designating TLS-encrypted transmissions, etc.

### **Important reminders**

- To prevent people other than shareholders from illegally accessing the site and altering the content of voting selections (spoofing), we will ask shareholders who use the site to change their “temporary passwords” on the website for exercising voting rights.
- You will be provided with a new “login ID” and “temporary password” each time a General Meeting of Shareholders is convened.
- Costs arising from accessing the site for exercising voting rights (Internet connection fees, etc.) will be borne by the shareholder.

Votes will be accepted via the Internet until **5:00 p.m., Thursday, June 23, 2022.**

However, you are cordially requested to exercise your voting rights earlier, and call the Help Desk with any inquiries or questions.

<For inquiries concerning systems, etc. for exercising voting rights via the Internet>

Stock Transfer Agency Division (Help Desk)

The Mitsubishi UFJ Trust and Banking Corporation

Telephone: 0120-173-027

[Business hours: 9:00 a.m. — 9:00 p.m.] (toll free)

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### [Company Proposals (Proposals No. 1 to 5)]

#### Proposal No. 1: Appropriation of Surplus

With “mutual prosperity with the regional community” as a pillar, the Bank works to secure the health and transparency of management while aiming to enrich internal reserves and strengthen the financial structure in preparation for a management environment that will be increasingly harsh and future investment. The Bank has also a basic policy of continuing to provide stable dividends to shareholders while providing as much shareholder return as possible.

Based on this policy, with the intent of returning profits to shareholders and taking into consideration the business performance for the fiscal year under review, the Bank proposes the year-end dividends to be 62.50 yen per share, adding special dividends of 45 yen to an ordinary dividend of 17.50 yen, and other surplus to be appropriated as follows.

1. Matters concerning year-end dividends
  - (1) Type of dividend property  
Cash
  - (2) Matters concerning the allotment of dividend property and the total amount  
62.50 yen per share of common stock, for a total of 3,036,696,438 yen  
(Reference) As 17.50 yen per share was paid in December 2021 as an interim dividend,  
dividends to be paid for the full year amount to 80 yen per share.
  - (3) Effective date of distribution of surplus  
June 27, 2022
2. Other matters concerning the appropriation of surplus
  - (1) Item and the amount of surplus to be increased  
General reserve 11,600,000,000 yen
  - (2) Item and amount of surplus to be decreased  
Retained earnings brought forward 11,600,000,000 yen

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provision of the Act Partially Revising the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Bank shall be amended as follows.

- (1) The proposed Article 17, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 17, Paragraph 2 provides for limiting the scope of matters to be included in the document to be delivered to shareholders who have made a written request
- (3) The provisions related to the Internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, etc.)</u></p> <p><u>Article 17 The Bank may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the General Meeting of Shareholders, Business Report, the Non-Consolidated Financial Statements, and the Consolidated Financial Statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p>&lt;Newly established&gt;</p>	<p>&lt;Deleted&gt;</p> <p><u>(Measures for Electronic Provision, etc.)</u></p> <p><u>Article 17 The Bank shall, upon convening the General Meeting of Shareholders, provide information. On the contents of the reference documents for General Meeting of Shareholders, etc. (Electronic Provision of Information. etc.) Article 17.</u></p> <p><u>2. The Bank shall, with respect to all or part of the matters for which it takes measures to provide electrically and which are provided for in an Ordinance of the Ministry of Justice, take measures to provide such information electrically by the record date for voting rights.</u></p>
<p>&lt;Newly established&gt;</p>	<p><u>(Supplementary provisions)</u></p> <p><u>1. The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the</u></p>

current Articles of Incorporation and the establishment of the proposed Article 17 (Measures for Electronic Provision, etc.) shall come into effect on September 1, 2022.

2. Notwithstanding the provisions of the preceding paragraph, Article 17 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on or before the last day of February 2023.

3. These supplementary provisions shall be deleted after March 1, 2023 or the lapse of three (3) months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

**Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member

The term of Audit & Supervisory Board Member Mr. Kazuyoshi Hayashi will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed.

We have obtained the approval of the Audit & Supervisory Board for this item.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
<u>New appointment</u>  Hideki Sugie (Sep. 13, 1961)	Apr. 1985 Joined the Bank Jun. 2012 Secretary, Secretariat Jun. 2016 Retired from the Bank Jun. 2016 Managing Director, Biwako Broadcasting Co., Ltd. Mar. 2022 Retired from Managing Director, Biwako Broadcasting Co., Ltd.	1,000
<Reasons for nomination as a candidate for Audit & Supervisory Board Member> During a tenure with the Bank, in addition to having experience as a General Manager at branch offices, Mr. Hideki Sugie was deeply involved in management support and governance as a secretary. He also has broad knowledge of overall management as a member of the General Planning Department. After retiring, he has been involved in the management of a local company as an executive, and therefore, he has a wealth of experience and deep insight. Due to the above, the Bank has judged that he has the knowledge, experience and sufficient social credibility to audit the execution of operations of Directors of the Bank in a precise, fair, and efficient manner, and has thus nominated him as a candidate for Audit & Supervisory Board Member.		

(Notes)

1. There are no special interest relationships between the candidate for Audit & Supervisory Board Member and the Bank.
2. The Bank has entered into a directors and officers liability insurance agreement (D&O Insurance) to insure its Audit & Supervisory Board Members assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. If the candidate is appointed as Audit & Supervisory Board Member, he will be insured under the insurance agreement, which is to be renewed during his terms of office.

**Proposal No. 4:** Election of One (1) Substitute Audit & Supervisory Board Member

At the opening of this Annual General Meeting of Shareholders, the effectiveness of the election of Substitute Audit & Supervisory Board Member Mr. Masashi Tanaka, who was elected at the 131st Ordinary Annual General Meeting of Shareholders held on June 26, 2018 will expire. Therefore, in preparation for circumstances where the number of Outside Audit & Supervisory Board Members will fall short of the number stipulated by laws and regulations, the Bank would like to request the appointment of one (1) Substitute Audit & Supervisory Board Member in advance.

Furthermore, the effectiveness of election can be nullified upon approval from the Audit & Supervisory Board and resolution of the Board of Directors, provided that it is before assumption of office.

We have obtained the approval of the Audit & Supervisory Board for this item.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
<p style="text-align: center;"><u>Outside Audit &amp; Supervisory Board Member</u></p> <p>Masashi Tanaka (Nov. 4, 1971)</p>	<p>Oct. 1996 Joined Chuo Audit Corporation (After renaming to ChuoAoyama Audit Corporation followed by MISUZU Audit Corporation, dissolved in July 2007)</p> <p>Apr. 2000 Registered as a certified public accountant</p> <p>Jul. 2007 Joined Kyoto Audit Corporation (currently PricewaterhouseCoopers Kyoto)</p> <p>Jul. 2008 Established Masashi Tanaka Certified Public Accountant Office (current position)</p> <p>Sep. 2008 Registered as a certified public tax accountant</p> <p>Jul. 2009 Appointed Member of Umeyama Accounting Firm (current position)</p> <p>Jun. 2018 Substitute Outside Audit &amp; Supervisory Board Member, the Bank (current position)</p> <p>(Significant concurrent positions) Head of Masashi Tanaka Certified Public Accountant Office Member of Umeyama Accounting Firm</p>	100
<p>&lt;Reasons for nomination as a candidate for Substitute Outside Audit &amp; Supervisory Board Member&gt;</p> <p>Mr. Masashi Tanaka has been involved in corporate finance as a certified public accountant and certified public tax accountant, and has specialized knowledge and a wealth of experience. Due to the above, he has the knowledge, experience and sufficient social credibility to audit the execution of operations of Directors of the Bank in a precise, fair, and efficient manner, and the Bank has thus nominated him as a candidate for Substitute Audit &amp; Supervisory Board Member.</p>		

(Notes)

1. There are no special interest relationships between the candidate for Substitute Audit & Supervisory Board Member and the Bank.
2. Mr. Masashi Tanaka is a candidate for Substitute Outside Audit & Supervisory Board Member. Additionally, if Mr. Masashi Tanaka is appointed as Outside Audit & Supervisory Board Member, the Bank plans to designate him as an independent officer pursuant to provisions of the Tokyo Stock Exchange and register him to the same Exchange.
3. Liability limitation agreements with Outside Audit & Supervisory Board Members are as follows:  
The Bank has stipulated in the Articles of Incorporation to allow for the conclusion of agreements with Outside Audit & Supervisory Board Members that limit their liability for damages to a certain range. Based on this stipulation, if Mr. Masashi Tanaka is appointed as Outside Audit & Supervisory Board Member, the Bank plans to enter into a captioned liability limitation agreement with him.  
Overview of the agreement is as follows:  
- If an Outside Audit & Supervisory Board Member is held liable for damages set forth in Article 423, Paragraph 1 of the Companies Act with malice aforethought and without gross negligence, he/she will be responsible for such liability to the extent of the amount set forth by laws and regulations or 10 million yen, whichever is greater.
4. The Bank has entered into a directors and officers liability insurance agreement (D&O Insurance) to insure its Audit & Supervisory Board Members assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. If the candidate is appointed as Audit & Supervisory Board Member, he will be insured under the insurance agreement, which is to be renewed during his term of office.

[Reference] Criteria for Independence

Outside Directors and Outside Audit & Supervisory Board Members are considered to be independent if none of the following applies.

- ① A person involved in the execution of business at a Group Companies of the Bank
- ② A person for whom the Bank is a primary business partner<sup>\*1</sup> or a person engaged in business execution of such person, or a primary business partner of the Bank<sup>\*2</sup> or a person engaged in business execution of such business partner
- ③ A consultant, accounting specialist, or legal specialist that receives a significant amount of monetary compensation or other assets from the Bank, aside from executive remuneration
- ④ A person to which ① to ③ above applied at a recent time
- ⑤ A relative of a person to which any of ① to ④ above applies (excluding insignificant persons)

\*1. A business partner who earned 1% or more of its consolidated net sales from the Bank in the most recent fiscal year.

\*2. A business partner whose payments to the Bank account for 1% or more of the Bank's consolidated gross operating income in the most recent fiscal year

**Proposal No. 5:** Determination of Remuneration for Allotting Restricted Shares to Directors (excluding Outside Directors)

The remuneration for the Bank's Directors consists of "fixed-amount remuneration" (basic remuneration), "performance-linked remuneration" (performance-linked remuneration, etc.) and "remuneration concerning Share Options as share remuneration-type stock options" (non-monetary remuneration, etc.). At the Bank's 133rd Ordinary General Meeting of Shareholders held on June 25, 2020, the amount of remuneration for the Directors was approved as fixed-amount remuneration of up to 260 million yen per year (including up to 35 million yen for Outside Directors but excluding the amount of employee's salary for the Directors concurrently serving as employees) and performance-linked remuneration of up to 0.45% of net profit attributable to shareholders of the parent for the relevant fiscal year and up to 75 million yen per year, and at the Bank's 126th Ordinary General Meeting of Shareholders held on June 25, 2013, it was approved to set the amount of remuneration, etc., concerning Share Options as stock options for the Bank's Directors at up to 100 million yen per year separately from the abovementioned fixed-amount remuneration and performance-linked remuneration.

In order to enable the Bank's Directors (excluding Outside Directors, hereinafter the "Eligible Director(s)") to further share the benefits and risks of stock price fluctuations with shareholders even during their term of office, and to motivate them to contribute to increasing the share price and enhancing corporate value more than ever before, the Bank proposes to allot to the Eligible Directors shares of the Bank's common stock subject to provisions including a certain transfer restriction period and reasons for acquisition without compensation by the Bank as described below (the "Restricted Shares"), instead of the current Share Options as stock options.

Comprehensively taking into consideration the contribution level of the Eligible Directors to the Bank and other various matters, the Bank proposes that the total amount of monetary compensation claims to be paid to the Eligible Directors as compensation, etc. with regards to the Restricted Shares be set at no more than 100 million yen per year, separately from the amount of compensation to the Directors described above. (The amount of remuneration above does not include the salary as an employee of the Bank) .

The allotment of the Restricted Shares is determined by comprehensively taking into consideration various matters including the contribution level of the Eligible Directors, and since the maximum number of Restricted Shares to be allotted in each fiscal year as set forth in 2. below accounts for only about 0.08 % of the total number of shares issued (the ratio of the number of Restricted Shares to the total number of shares issued will be approximately 0.8% if such maximum number of Restricted Shares are issued over a 10-year period) and thus the dilution ratio is minimal, the Bank believes that the content of the proposal is reasonable.

Subject to the approval of this proposal, the stipulation concerning the amount of the abovementioned remuneration concerning Share Options as stock options shall be abolished, and no Share Options as stock options pursuant to the stipulation of the amount of such remuneration, etc. shall be newly in the future. In addition, any unexercised Share Options as stock options that have been allotted to the Eligible Directors based on the stipulation of the amount of such compensation, etc., shall be waived by the Eligible Directors in their entirety, subject to the approval of this Proposal.

For the 136th fiscal year of the Bank (April 1, 2022 to March 31, 2023) (the "Fiscal Year"), as a transitional measure for the allotment of the Restricted Shares in place of the current Share Options as stock options, the Bank proposes to allot to the Eligible Directors the same number of Restricted Shares as the number of shares underlying Share Options (45,600 shares) to be waived by the Eligible Directors as described below, separately from the allotment of the Restricted Shares based on the amount of compensation, etc., concerning the Restricted Shares as described above.

Therefore, the Bank proposes to set the total amount of monetary compensation claims to be paid to the Eligible Directors as compensation, etc. for such allotment at no more than 110 million yen per year, separately from the amount of remuneration for directors approved at the Bank's 133rd Ordinary General Meeting of Shareholders held on June 25, 2020 and the amount of remuneration, etc. concerning the Restricted Shares described above. Such allotment entails the waiver of Share Options as stock options allotted to the Eligible Directors in previous years and does not effectively add any new compensation.

The executive compensation system of the Bank is designed to function as an incentive to continue to improve corporate value, and its basic policy of determining the individual compensation is to set an appropriate level of compensation based on the responsibilities of each position, as outlined in the Business Report. The allotment of the Restricted Shares under this proposal is in line with such policy.

The remuneration for allotting the Restricted Shares to the Eligible Directors in this proposal is determined based on the results of deliberation by the Nominating and Compensation Committee.

The Bank currently has six (6) Directors (excluding Outside Directors), and after the conclusion of this Ordinary General Meeting of Shareholders, there will be five (5) Directors (excluding Outside Directors).

#### Specific Details and Maximum Number of Restricted Shares Being Transferred to the Eligible Directors

##### 1. Allotment and payment for the Restricted Shares

Based on the resolution of the Bank's Board of Directors, the Bank shall pay monetary compensation claims to the Eligible Directors as compensation, etc., concerning the Restricted Shares within the abovementioned annual amount, and each Eligible Director shall receive an allotment of the Restricted Shares by making a payment of all the monetary compensation claims as contribution-in-kind.

The amount to be paid in for the Restricted Shares shall be determined by the Bank's Board of Directors based on the closing price of the Bank's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Bank's Board of Directors with regards to the issuance or disposal of such Restricted Shares (if no transaction is effected on the same day, the closing price of the immediately preceding trading day), to the extent that such amount is not particularly advantageous to the Eligible Directors who subscribe for the Restricted Shares.

The above monetary compensation claims shall be paid on the condition that the Eligible Directors agree to the abovementioned contribution-in-kind and that they have executed an agreement on the allotment of the Restricted Shares that includes the details set forth in 3. below.

##### 2. Total Number of Restricted Shares

The total number of Restricted Shares to be allotted to Eligible Directors shall be 40,000 shares, which shall be the maximum number of Restricted Shares to be allotted in each fiscal year. However, in the Fiscal Year, the maximum total number shall be set at 45,600 shares on top of the abovementioned total number of Restricted Shares as a transitional measure concerning the allotment of the Restricted Shares in place of the current Share Options as stock options.

In the event of a stock split (including a gratis allotment of shares of the Bank's common stock) or reverse stock split of the Bank's common stock, or in any other cases equivalent to such cases where the total number of Restricted Shares to be allotted needs to be adjusted after the date of resolution of this proposal, the total number of Restricted Shares may be reasonably adjusted.

##### 3. Details of the Agreement on the allotment of the Restricted Shares

With regards to the allotment of the Restricted Shares, the agreement on the allotment of the Restricted Shares to be entered into between the Bank and the Eligible Directors who will receive the allotment of the Restricted Shares based on the resolution of the Bank's Board of Directors shall include the following details.

###### (1) Details of transfer restrictions

The Eligible Director who has received an allotment of the Restricted Shares may not transfer, pledge, mortgage, grant before or after death, or otherwise dispose of the Restricted Shares allotted to him/her (the "Allotted Shares") to a third party from the date of delivery of the Allotted Shares until the date of their retirement as a Bank's Director (the "Restriction Period") (the "Transfer Restriction").

###### (2) Acquisition of Restricted Shares without consideration

In the event that an Eligible Director who has received an allotment of the Restricted Shares retires from the office of the Bank's Director by the day before the Bank's first Ordinary General Meeting of Shareholders to be held after the commencement date of the Restriction Period, the Bank shall automatically acquire the Allotted Shares without compensation unless there is a reason deemed justifiable by the Bank's Board of Directors. In addition, if any of the Allotted Shares have not been released from restrictions on transfer in accordance with the provisions of the reasons for release of the restrictions on transfer described in (3) below at the expiration of the Restriction Period described in (1) above, the Bank will automatically acquire such shares without compensation.

###### (3) Release of the Restrictions on Transfer

The Bank will release the restrictions on transfer of all the Allotted Shares upon expiration of the Restriction Period, provided that the Eligible Director to whom the Restricted Shares are allotted has continuously held the position of the Bank's Director from the commencement date of the

Restriction Period until the Bank's first Ordinary General Meeting of Shareholders to be held after the date.

However, if the Eligible Director retires from the office of the Bank's Director by the day before the date of the Bank's first Ordinary General Meeting of Shareholders to be held after the commencement date of the Restriction Period for reasons deemed justifiable by the Board of Directors of the Bank, the number of the Allotted Shares to be released from the Transfer Restriction and the timing of the Transfer Restriction shall be reasonably adjusted as necessary.

(4) Handling in the event of Reorganization, etc.

In the event that a merger agreement under which the Bank becomes a dissolving company, a share exchange agreement or a share transfer plan under which the Bank becomes a wholly owned subsidiary, or any other proposal concerning organizational restructuring, etc. is approved at the Bank's Ordinary General Meeting of Shareholders during the Restriction Period, the Bank, by a resolution of the Bank's Board of Directors (provided, however, in cases where approval at the Bank's Ordinary General Meeting of Shareholders is not required for such reorganization, etc., the Bank's Board of Directors), shall cancel the Transfer Restriction for the number of the allotted shares reasonably determined based on the period from the beginning of the Restriction Period until the approval date of such organizational restructuring, etc. prior to the effective date of such restructuring.

In such a case, the Bank shall automatically acquire, without any compensation, the Allotted Shares for which the Transfer Restrictions have not been lifted immediately after the Transfer Restrictions are lifted in accordance with the abovementioned provisions.

<Reference>

Board of Directors Composition and Skill Matrix after the conclusion of this Ordinary General Meeting of Shareholders

The composition of the Board of Directors and the skills, experience and knowledge possessed by each Director are as follows. The percentage of Outside Directors on the Board of Directors is 37.5%.

Name		Expertise and Knowledge						
		Management Strategy	SDGs/ESG Sustainability	DX & ICT Strategy	Domestic Sales	Risk Management	HR & Diversity	International Market
Director	Shojiro Takahashi	●	●		●	●	●	
	Shinya Kubota	●		●	●		●	
	Takahiro Saito	●	●		●	●		
	Katsuyoshi Horiuchi	●			●	●		●
	Katsuyuki Nishikawa			●	●	●		
Outside Director	Minako Takeuchi	●		●			●	
	Rikiya Hattori	●			●	●		
	Sawaichiro Kamata			●		●		●

\* This table does not show all of the skills possessed by each Board of Director.

### **[Shareholder Proposal (Proposals No. 6)]**

The proposal No.6 is a proposal from one (1) shareholder.

Except for format modifications, the contents of the shareholder proposal are as the original text of the relevant part of the document (the reasons for proposal are as the overview) submitted by the proposing shareholder.

For the following reasons, the Board of Directors is against this shareholder proposal.

### **Proposal No. 6: Appropriation of Surplus**

#### 1. Contents of Proposal

To distribute the following as a special dividend

##### (1) Type of dividend property

Cash

##### (2) Matters concerning the allotment of property and the total amount

The amount of dividend per share of common stock based on the proposal for distribution of surplus approved by the Bank at the 135th Ordinary General Meeting of Shareholders (if any), plus 110 yen per share of common stock. The special dividend amount to be paid pursuant to Proposal No. 6 will be the dividend amount per share of common stock multiplied by the number of shares with the rights to receive the dividends as of March 31, 2022.

##### (3) Effective date of distribution of surplus

The day after the date of the 135th Annual General Meeting of Shareholders

#### 2. Reasons for Proposal

The Bank's dividend policy is to distribute to shareholders an amount equal to 100% of the Bank's net income that is not directly related to the Bank's core business (specifically, dividends received on shares held by the bank)

If this policy is adopted, the Bank will be able to retain 50% of the profit from its core lending and banking operations. In addition, it is possible to have sufficient financial margin to expand the banking business with its own funds.

The implementation of the proposed special dividends does not adversely affect the outlook and solvency of the Bank and its future business, nor impair the Bank's capabilities to prepare for various technological changes, serve its customers, and fulfill its obligations to the stakeholders in Shiga Prefecture.

## **[Opinion of the Board of Directors]**

Against: The Board of Directors of the Bank is AGAINST the proposal for the following reasons.

With “mutual prosperity with the regional community” as a pillar, the Bank works to secure the health and transparency of management while aiming to enrich internal reserves and strengthen the financial structure in preparation for a management environment that will be increasingly harsh and future investment with the basic policy to make utmost shareholder returns while continuing stable dividends twice each fiscal year. Based on this policy, in November last year, the Bank has set the dividend policy—“Considering paying special dividends based on trends in business results while continuing stable dividends, and working to achieve the shareholder return ratio of 30% with the sum of dividends and share buyback”—for the period of the 7th Medium-Term Business Plan (from April 2019 to March 2024). Under this dividend policy, the Bank has decided to add a special dividend of 45 yen to the ordinary dividend of 35 yen, making dividends to be paid for the full year amount to 80 yen per share for the fiscal year ended March 31, 2022. In addition, as shareholder returns other than dividends, the Bank conducted share buybacks of approximately 2.5 billion yen in total in the fiscal year ending March 2022, based on the decisions dated May 14, 2021 and January 28, 2022.

Furthermore, based on future business outlook, the Bank has decided to change the target for the shareholder return ratio of to 40% from the fiscal year ending March 2023. As the only regional bank based in Shiga Prefecture, the Bank functions as a financial intermediary that supports the sustainable development of the region. We believe that it is an important mission to contribute to the community by strengthening the management base ourselves through reforms such as investing in growth strategies. In particular, the Bank plans to introduce new core systems in January 2024 with the aim of expanding digital services and reducing system costs to establish sustainable local communities in the future, and thus requires a large investment until the system operates stably. Moreover, the Bank is expected to take risks such as financing support for business partners, and to support regional communities when the local economy deteriorates due to unexpected events in domestic and international circumstances such as the COVID-19 spread. To that end, we believe that it is necessary to recapitalize while securing appropriate profits, and build a solid financial base.

On the other hand, this proposal, proposing to pay dividends of 110 yen per ordinary share in addition to the dividends based on the approval of the Bank proposal on distribution of surplus at the 135th Annual General Meeting of Shareholders, lacks consideration for the necessity of investment for growth strategy and the necessity of recapitalization to secure the sustainable financial intermediary function for the region as social infrastructure. Besides, it does not match our basic policy for shareholder returns nor the idea of mutual prosperity with the regional community. We believe that the corporate value of the Bank and the common interests of our shareholders may be damaged as a result. We will continue to consider the level of shareholder returns, but from the perspective of improving medium- to long-term corporate value and securing and improving the common interests of our shareholders, we have judged that it is not appropriate to pay such special dividends in accordance with this shareholder proposal.