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(Securities Code: 5832)
June 2, 2023

To Shareholders with Voting Rights:

Sadanori Kato
Director and President
Chugin Financial Group, Inc.
1-15-20 Marunouchi, Kita-ku,
Okayama, Japan

NOTICE OF CONVOCAION OF THE 1ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 1st Ordinary General Meeting of Shareholders of Chugin Financial Group, Inc. (the “Company”) will be held for the purposes as described below.

With regard to attendance at this General Meeting of Shareholders, shareholders are kindly requested to monitor your own health conditions and to consider exercising voting rights in advance by returning the enclosed Voting Rights Exercise Form or via the Internet, etc.

In convening this General Meeting of Shareholders, the Company has taken electronic provision measures, and posted matters subject to electronic provision measures on the following website.

The Company’s website (in Japanese): <https://www.chugin-fg.co.jp/>

Please access the aforementioned website, and select “To shareholders and investors,” “Stock information,” and “General Meeting of Shareholders” in this order to confirm the information.

Matters subject to electronic provision measures are posted on the website of Tokyo Stock Exchange (TSE), in addition to the aforementioned website. Please access the following TSE website (TSE Listed Company Search), enter the issue name (company name) or securities code to search, and select “Basic information” and “Documents for public inspection/PR information” in this order to confirm the information.

TSE website (TSE Listed Company Search):
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

When you exercise your voting rights in advance, please review the “Reference Documents for the General Meeting of Shareholders” described hereinafter and exercise your voting rights by Thursday, June 22, 2023, at 5:00 p.m. Japan time.

- 1. Date and Time:** Friday, June 23, 2023 at 10:00 a.m. Japan time
- 2. Place:** 3F Auditorium, Head Office, the Company, 1-15-20 Marunouchi, Kita-ku, Okayama, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 1st Fiscal Year (from April 1, 2022 to March 31, 2023) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company's 1st Fiscal Year (from October 3, 2022 to March 31, 2023)
Note: The Company's 1st business year covers the period from October 3, 2022 to March 31, 2023, while the consolidated fiscal year under review covers the period from April 1, 2022 to March 31, 2023.
- Proposals to be resolved:**
- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 3:** Determination of Amount of Compensation for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 4:** Determination of Amount of Compensation for Directors Serving as Audit and Supervisory Committee Members
- Proposal No. 5:** Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

Exercise of Voting Rights

Exercise of Voting Rights by Attending the Meeting

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

Exercise of Voting Rights in Writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the aforementioned deadline.

Exercise of Voting Rights via the Internet, etc.

If voting via the Internet, etc., please confirm the “Procedures to Exercise of Voting Rights via the Internet, etc.” and exercise your voting rights by the aforementioned deadline.

- (1) If there is no indication of approval or disapproval for each of the proposals on the Voting Rights Exercise Form, it will be treated as an indication of approval.
- (2) If you exercise your vote multiple times via the Internet, etc., the last vote exercised will be deemed valid.
- (3) If you vote both in writing on the Voting Rights Exercise Form and the Internet, etc., the vote placed via the Internet, etc. will be deemed valid.

End

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- ◎ There is no distribution of souvenirs to our shareholders attending the meeting. We sincerely appreciate your understanding.
 - ◎ When attending the meeting, please bring this Notice of Convocation with you.
 - ◎ We leave a decision up to each shareholder as to whether to wear a mask.
 - ◎ Shareholders are kindly advised to monitor your own health conditions and consider refraining from attending the meeting in person if you are feeling unwell.
 - ◎ Our response to the system for electronic provision of Shareholders Meeting materials
Although a system for electronic provision of Shareholders Meeting materials came into force, we have sent the paper copy of Shareholders Meeting materials uniformly to all shareholders as in the past, irrespective of whether there was a request for delivery of paper copy, considering that this General Meeting of Shareholders is to be held in the first year after the enactment of the said system. Our response in the 2nd Ordinary General Meeting of Shareholders and thereafter is yet to be determined.
 - ◎ Pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, this paper copy that has been sent to shareholders does not contain the following items. Accordingly, the paper copy is a part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor during preparation of the Audit Reports.
 1. Business Report
 - (1) “Matters Concerning Stock Acquisition Rights of the Company, etc.”
 - (2) “Matters Concerning the Accounting Auditor”
 - (3) “Basic Policy Regarding the Desirable State of Parties Controlling the Determination of the Company’s Financial and Business Policies”
 - (4) “Systems to Secure the Appropriateness of Operations”
 - (5) “Matters Concerning Specified Wholly-Owned Subsidiaries”
 - (6) “Matters Concerning Transactions with the Parent Company”
 - (7) “Matters Concerning Accounting Advisor”
 2. Financial Statements
 - (1) “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements”
 - (2) “Non-Consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements”
 - ◎ Revisions to the matters subject to electronic provision measures will be posted on each website where these matters are posted.

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| The Company’s Website | https://www.chugin-fg.co.jp/ |
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Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company proposes the following regarding appropriation of surplus.

<Matters concerning year-end dividends>

Taking into consideration the public nature and soundness of a bank holding company, the Company's basic policy is to maintain stable dividends while enhancing internal reserves in order to maintain a financial structure that can withstand any harsh environment. Specifically, the Company aims to have a shareholder return ratio, which comes from dividends and purchase of treasury stock, of 35% or more of net income attributable to owners of parent.

Based on the above policy, the Company would like to propose year-end dividends for the 1st fiscal year as following.

- (1) Matters concerning the allotment of dividend property to shareholders and the total amount
16 yen per share of common stock
Total of 2,939,197,664 yen
- (2) Effective date of distribution of surplus
Monday, June 26, 2023

Proposal No. 2: Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of five (5) Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies in the rest of this Proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

Candidates for the Directors are decided by the resolution of the Board of Directors upon the deliberation by the Nominating and Compensation Committee that is chaired by an outside director.

The Audit and Supervisory Committee judged that each of the candidates is qualified for a Director of the Company.

The candidates for Director are as follows:

| No. | Name | Current position at the Company | Attendance at meetings of the Board of Directors |
|-----|------------------|---|--|
| 1 | Sadanori Kato | Director and President (Representative Director) [Reappointment] [Male] | 7/7 (100%) |
| 2 | Ikuhide Harada | Senior Managing Director (Representative Director) [Reappointment] [Male] | 7/7 (100%) |
| 3 | Masato Miyanaga | Director and Chairman [Reappointment] [Male] | 7/7 (100%) |
| 4 | Soichi Yamamoto | Executive Officer [New candidate] [Male] | — |
| 5 | Kenichi Fukuhara | [New candidate] [Outside] [Independent] [Male] | — |

1 Sadanori Kato

[Reappointment]
[Male]

Date of birth
August 23, 1957

Attendance at meetings of the Board of Directors:
7/7 (100%)

Number of shares of the Company held:
25,657 shares

Past experience, positions, responsibilities, and significant concurrent positions

| | | |
|------|------|---|
| Apr. | 1981 | Joined The Chugoku Bank, Ltd. (hereinafter, the “Bank”) |
| Feb. | 2003 | General Manager, Kamogata Branch |
| Feb. | 2005 | General Manager, Konan Branch |
| Feb. | 2008 | Senior Deputy General Manager, Computer System Department |
| Jun. | 2008 | General Manager, Computer System Department |
| Jun. | 2012 | Commissioner and General Manager, Computer System Department |
| Jun. | 2013 | Director and General Manager, Personnel Department |
| Jun. | 2015 | Managing Director |
| Jun. | 2017 | Senior Managing Director (Representative Director) |
| Jun. | 2019 | Director and President (Representative Director) (current position) |
| Oct. | 2022 | Director and President, the Company (current position) |

Responsibilities:

Overall business, Secretariat and NEXT 10 Promotion Department

Significant concurrent position:

Director and President (Representative Director), the Bank

Reasons for selecting the candidate for Director and outline of expected roles:

He has held posts as the Managing Officer of the Bank’s Management Planning Department, Compliance Department, Computer System Department, and Risk Management Department, among others. He possesses a wealth of experience and wide-ranging knowledge of the management and business operations of the Group. He has been serving as Director and President of the Bank since June 2019 and as Director and President of the Company since its founding in October 2022, and has been aptly fulfilling those duties and responsibilities.

He has formulated a new medium-term management plan, “The Stage III, Plan for Creating the Future Together” in March 2023 under the Group’s brand slogan “This challenge will create our future,” towards the actualization of the growth strategy. The Company nominates him as candidate for Director, as it expects him to utilize that experience and knowledge to both execute the management and business operations of the Group appropriately, fairly, and efficiently, and contribute to the Group’s sound and sustainable growth and to improving its medium-to-long term corporate value.

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Ikuhide Harada

[Reappointment]
[Male]

Date of birth
April 6, 1961

**Attendance at meetings of
the Board of Directors:**
7/7 (100%)

**Number of shares of the
Company held:**
16,863 shares

Past experience, positions, responsibilities, and significant concurrent positions

| | | |
|------|------|---|
| Apr. | 1985 | Joined the Bank |
| Oct. | 2007 | General Manager, Hirai Branch |
| Jun. | 2009 | General Manager, Fuchu Branch |
| Jun. | 2011 | General Manager, Osaka Branch |
| Jun. | 2013 | General Manager, Fukuyama Branch and Senior Deputy General Manager, Bingo Regional Headquarters |
| Jun. | 2015 | Executive Officer and General Manager, Personnel Department |
| Jun. | 2017 | Managing Director |
| Jun. | 2019 | Senior Managing Director (Representative Director) (current position) |
| Oct. | 2022 | Senior Managing Director (Representative Director), the Company (current position) |

Responsibilities:

Overall business, Management Planning Department, Sustainability Promotion Department

Significant concurrent position:

Senior Managing Director (Representative Director), the Bank

Reasons for selecting the candidate for Director and outline of expected roles:

He has held posts as the Managing Officer of the Bank's Computer System Department, Risk Management Department, Management Planning Department (including Innovation Promotion Center) and Regional Revitalization & SDGs Promotion Department, among others. He possesses a wealth of experience and wide-ranging knowledge of the management and business operations of the Group. He has been serving as Senior Managing Representative Director of the Bank since June 2019 and as Senior Managing Representative Director of the Company since its founding in October 2022, and has been aptly fulfilling those duties and responsibilities.

The Company nominates him as candidate for Director, as it expects him to utilize that experience and knowledge to both execute the management and business operations of the Group appropriately, fairly, and efficiently, and contribute to the Group's sound and sustainable growth and to improving its medium-to-long term corporate value.

3 Masato Miyanaga

[Reappointment]
[Male]

Date of birth
September 12, 1954

**Attendance at meetings of
the Board of Directors:**
7/7 (100%)

**Number of shares of the
Company held:**
27,700 shares

Past experience, positions, responsibilities, and significant concurrent positions

Apr. 1977 Joined the Bank
Jun. 1999 General Manager, Tanokuchi Branch
Oct. 2000 General Manager, Credit Administration Department
Jun. 2003 General Manager, Fukuyama Branch and Senior Deputy General Manager, Bingo Regional Headquarters
Jun. 2005 Director and General Manager, Credit Supervision Department
Jun. 2006 Director, General Manager, Credit Supervision Department and General Manager, Credit Rating Center
Jun. 2007 Managing Director
Jun. 2011 Director and President (Representative Director)
Jun. 2019 Director and Chairman (current position)
Oct. 2022 Director and Chairman, the Company (current position)

Significant concurrent position:

Director and Chairman, the Bank

Reasons for selecting the candidate for Director and outline of expected roles:

He has held posts as the Managing Officer of the Bank's Management Planning Department, Risk Management Department, and Compliance Department, among others. He possesses a wealth of experience and wide-ranging knowledge of the management and business operations of the Group.

After serving as Representative Director and President of the Bank, he has been serving as Director and Chairman of the Bank since June 2019, and as Director and Chairman of the Company since its founding in October 2022, and has been aptly fulfilling those duties and responsibilities.

The Company nominates him as candidate for Director, as it expects him to utilize that experience and knowledge to both execute the management and business operations of the Group appropriately, fairly, and efficiently, and contribute to the Group's sound and sustainable growth and to improving its medium-to-long term corporate value.

4 Soichi Yamamoto

[New candidate]
[Male]

Date of birth
August 5, 1965

**Attendance at meetings of
the Board of Directors:**
-

**Number of shares of the
Company held:**
8,560 shares

Past experience, positions, responsibilities, and significant concurrent positions

Apr. 1988 Joined the Bank
Jun. 2011 General Manager, Hong Kong Branch
Jun. 2013 General Manager, Kannabe Branch
Jun. 2015 General Manager, Risk Management Department
Jun. 2017 General Manager, Tokyo Branch
Jun. 2019 Managing Executive Officer and General Manager, Head Office Business Department
Jun. 2021 Managing Executive Officer, General Manager, Chuo Regional Headquarters and General Manager, Head Office Business Department
Jun. 2022 Managing Executive Officer (current position)
Oct. 2022 Executive Officer, the Company (current position)

Responsibilities:

Management Administration Department

Significant concurrent position:

Managing Executive Officer, the Bank

Reasons for selecting the candidate for Director and outline of expected roles:

He has held posts as the Managing Officer of the Bank's Computer System Department, Compliance Department and Risk Management Department. He possesses a wealth of experience and wide-ranging knowledge of the management and business operations of the Group.

He has been serving as Managing Executive Officer of the Bank since June 2022 and as Executive Officer of the Company since its founding in October 2022, and has been aptly fulfilling those duties and responsibilities.

The Company nominates him as candidate for Director, as it expects him to utilize that experience and knowledge to both execute the management and business operations of the Group appropriately, fairly, and efficiently, and contribute to the Group's sound and sustainable growth and to improving its medium-to-long term corporate value.

5 Kenichi Fukuhara

[New candidate]
[Outside]
[Independent]
[Male]

Date of birth
April 19, 1951

Term of office as Outside Director (at the conclusion of this General Meeting of Shareholders):

-

Attendance at meetings of the Board of Directors:

-

Number of shares of the Company held:

-

Past experience, positions, responsibilities, and significant concurrent positions

| | | |
|------|------|---|
| Apr. | 1976 | Joined Nomura Securities Co., Ltd. |
| Jun. | 2000 | Director, Nomura Securities Co., Ltd. |
| Jun. | 2004 | Resigned from Nomura Securities Co., Ltd. |
| Jun. | 2004 | Corporate Senior Executive Vice President, Benesse Corporation (currently Benesse Holdings, Inc.) |
| | | Representative Director and President, Benesse Style Care Co., Ltd. |
| Jun. | 2007 | Representative Director, Vice Chairman, Benesse Corporation (currently Benesse Holdings, Inc.) |
| | | Resigned from Benesse Style Care Co., Ltd. |
| Jun. | 2016 | Representative Director and President, Benesse Holdings, Inc. |
| Oct. | 2016 | Representative Director and Vice Chairman, Benesse Holdings, Inc. |
| Jun. | 2019 | Special Adviser, Benesse Holdings, Inc. (current position) |
| | | Outside Director, Melco Holdings Inc. (current position) (scheduled to retire on June 26, 2023) |
| Jun. | 2020 | Representative Director and Vice Chairman, Benesse Foundation for Children (current position) |
| | | Special Advisor, Fukutake Foundation (current position) |

Significant concurrent position:

Special Adviser, Benesse Holdings, Inc.

*Scheduled to retire from Outside Director of Melco Holdings Inc. on June 26, 2023.

Reasons for selecting the candidate for Outside Director and outline of expected roles:

He obtained a Master in International Management (MIM) in the United States and has held the posts of Director of Nomura Securities Co., Ltd., and Representative Director and President and Representative Director and Vice Chairman of Benesse Holdings, Inc. He possesses a wealth of corporate management experience and a high level of knowledge.

The Company nominates him as candidate for Outside Director with the expectation that he will give advice that utilizes that wealth of knowledge and wide-ranging experience, including an overseas assignment for a long term, and strengthen the viability of the decision-making functions and supervisory functions of the Board of Directors of the Company from his position of being independent from management, for the purpose of the Group's sound and sustainable growth and improvement of its medium-to-long term corporate value.

- (Notes)
1. There are no special interests between the candidates and the Company.
 2. The Company has entered into a directors and officers liability insurance contract with an insurance company, which covers legal damages and litigation expenses to be borne by insured persons, and the insurance premiums are fully borne by the Company. However, the insurance contract does include certain exemption clauses, such as no compensation being given for liability attributable to acts in violation of laws or regulations that were carried out with full knowledge of their illegality. Each candidate for Director is insured under the insurance contract. The Company plans to renew the insurance contract with the same contents at the next renewal.
 3. Mr. Kenichi Fukuhara is a candidate for Outside Director. He satisfies the criteria for independence stipulated by the Tokyo Stock Exchange and also the "Criteria for Independence of Outside Directors" (described hereinafter) determined by the Company. If this proposal is adopted as proposed, the Company plans to designate Mr. Kenichi Fukuhara as independent officer as stipulated by the Tokyo Stock Exchange.
 4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Outside Directors to limit their liability for damages as provided for by Article 423, Paragraph 1 of said Act. The liability amount for Outside Directors pursuant to such agreement shall be the minimum amount stipulated by laws and regulations. If this Proposal is approved as proposed, the Company plans to enter into the Agreement with Mr. Kenichi Fukuhara.

(Reference) Criteria for Independence of Outside Directors

The Company designates all Outside Directors as independent officers, as long as they satisfy the qualifications for independent officer.

Outside Directors at the Company are deemed to be independent if they satisfy the criteria for independent officers as stipulated by the Tokyo Stock Exchange and do not fall under any of the following items currently or recently (*1).

- (1) Counterparties to major (*2) transactions with the Group or their executives
- (2) The Group's major (*2) business partners or their executives
- (3) Consultants, accounting professionals, legal professionals, who receive from the Group a large amount (*3) of money and other assets other than officer compensation from the Group (if those who receive the said assets are corporations, associations or other organizations, those who belong to such organizations)
- (4) Organizations that receive a large amount (*3) of donations from the Group or their executives
- (5) Major shareholders (*4) of the Group or their executives
- (6) Close relatives (*6) of the following persons (excluding unimportant persons (*5))
 - a. Persons corresponding to (1) to (5) above
 - b. Executives, and Directors who are not executives of the group companies of the Company

* Definitions of the aforementioned terms shall be as follows:

- (*1) "Recently": Refers to cases where it is practically equivalent to the present, for example, including cases where the person was falling under any of the items at the time when the contents of a proposal for his/her election as Outside Director, which was to be submitted at a General Meeting of Shareholders, were determined.
- (*2) "Major": Judged based on a standard of 1% or more of consolidated net sales (consolidated gross profit, in case of the Group) in the most recent fiscal year.
- (*3) "Large amount": An amount of 10 million yen or more on average over the past three (3) years.
- (*4) "Major shareholders": Shareholders who hold 10% or more of the total voting rights.
- (*5) "Unimportant persons": Persons who are not company officers, employees holding a department manager or similar position, certified public accountants or attorneys working at accounting firms or law offices, etc.
- (*6) "Close relatives": Relatives within two degrees of kinship.

(Reference) Directors' Skill Matrix

| Name | | Internal Directors: Areas with advanced knowledge or experience Outside Directors: Areas with advanced knowledge and specialized expertise | | | | | | | |
|---|---|---|--------------------|--------------------------------|-----------------------------|----------------|-----------|------------------------|---------------|
| | | Corporate management/ Sustainability | Corporate strategy | Compliance/ risk management | Human resources strategy | Sales strategy | System/DX | Finance and accounting | Legal affairs |
| Directors (Excluding Audit and Supervisory Committee Members) | Sadanori Kato | ● | ● | ● | ● | ● | ● | | |
| | Ikuhide Harada | ● | ● | ● | ● | ● | ● | | |
| | Masato Miyanaga | ● | ● | ● | | ● | | | |
| | Soichi Yamamoto [New candidate] | ● | | ● | | ● | ● | | |
| | Kenichi Fukuhara [Outside] [New candidate] | ● | ● | ● | ● | ● | ● | | |
| Directors Serving as Audit and Supervisory Committee Members | Hiroyuki Ohara | ● | | ● | ● | ● | ● | | |
| | Toshihide Saito [Outside] | ● | ● | ● | ● | ● | | | |
| | Kazuhiro Tanaka [Outside] | | | | | | | ● | |
| | Yukiyo Kiyono [Outside] | | | | | | | | ● |

*This does not represent all the knowledge and experience possessed by each Director.

Proposal No. 3: Determination of Amount of Compensation for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The Company stipulates in Article 2, paragraph 1 in Supplementary Provisions in its Articles of Incorporation that the total amount of remuneration, etc. that will be paid in money for Directors (excluding Directors who are Audit and Supervisory Committee Members) from the date of establishment of the Company to the conclusion of the first Ordinary General Meeting of Shareholders shall be no more than 110 million yen per year (not including employee salaries for Directors who concurrently serve as employees).

In order to provide Directors of the Company an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them, the Company decided to revise its compensation system for Directors.

The new compensation of Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) of the Company shall be comprised of "base compensation (fixed compensation)" and "performance-linked compensation (bonuses)" as monetary compensation, and "restricted stock compensation" as non-monetary compensation, which is to be discussed in Proposal No. 5.

The compensation of Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall continue to be composed solely of "base compensation (fixed compensation)" as monetary compensation.

Accordingly, it is proposed that the total amount of the base compensation (fixed compensation) for the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members) be set at a maximum of 240 million yen per year (including a maximum of 30 million yen per year for Outside Directors), and the total amount of "performance-linked compensation (bonuses)" be set at a maximum of 110 million yen per year. As in the past, the amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall not include employee salaries for Directors who concurrently serve as employees.

The performance-linked compensation (bonuses) shall be applied to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) for the purpose of increasing their motivation toward improving the Group's business performance, and the amount shall be calculated for each position, based on a performance-linked compensation table that uses the Company's profit attributable to owners of parent as an indicator. The payment shall be made at a certain time each year, upon resolution of the Board of Directors.

<Performance-linked compensation table>

| Profit attributable to owners of parent | Multiplier for performance-linked compensation (bonuses) |
|---|--|
| Above 30.0 billion yen | 2.0 |
| 27.5 billion yen to 30.0 billion yen | 1.8 |
| 25.0 billion yen to 27.5 billion yen | 1.6 |
| 22.5 billion yen to 25.0 billion yen | 1.4 |
| 20.0 billion yen to 22.5 billion yen | 1.2 |
| 17.5 billion yen to 20.0 billion yen | 1.0 |
| 15.0 billion yen to 17.5 billion yen | 0.8 |
| 12.5 billion yen to 15.0 billion yen | 0.6 |
| 10.0 billion yen to 12.5 billion yen | 0.4 |
| 7.5 billion yen to 10.0 billion yen | 0.2 |
| 7.5 billion yen or below | 0.0 |

This proposal was deliberated before submission by the Nominating and Compensation Committee with a majority of its members being Outside Directors, and was determined upon taking into consideration the Company's operating status, its "Policies for deciding the amount of compensation, etc. of individual Directors" (if this proposal is approved as proposed, the policy will be amended as described in [Reference] below, for consistency with the contents of approval) and other circumstances, and the Company deems this proposal appropriate.

The Audit and Supervisory Committee deliberated this proposal and expressed its opinion that there were no significant items to be pointed out.

The current number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is five (5), including one (1) Outside Director. If Proposal No. 2 "Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)" is approved as proposed, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) will be again five (5), including one (1) Outside Director.

It is also proposed that the timing to pay compensation, etc. and allocation thereof to each Director shall be left to the discretion of the Board of Directors.

Proposal No. 4: Determination of Amount of Compensation for Directors Serving as Audit and Supervisory Committee Members

The Company stipulates in Article 2, paragraph 2 in Supplementary Provisions in its Articles of Incorporation that the total amount of remuneration, etc. that will be paid in money for Directors who are Audit and Supervisory Committee Members from the date of establishment of the Company to the conclusion of the first Ordinary General Meeting of Shareholders shall be no more than 40 million yen per year.

Accordingly, it is proposed that the total amount of compensation, etc. to be paid in money for Directors serving as Audit and Supervisory Committee Members after the conclusion of this General Meeting of Shareholders be set at a maximum of 70 million yen per year, and that a decision on the timing to pay compensation, etc. and allocation thereof to each Director serving as Audit and Supervisory Committee Member be left to the discussion among Directors serving as Audit and Supervisory Committee Members, pursuant to “Policies for deciding the amount of compensation, etc. of individual Directors serving as Audit and Supervisory Committee Members” (if this proposal is approved as proposed, the policy will be amended as described in [Reference] below, for consistency with the contents of approval).

This proposal has been determined upon taking various circumstances into consideration, and the Company deems this proposal appropriate.

The current number of Directors serving as Audit and Supervisory Committee Members is four (4), including three (3) Outside Directors.

Proposal No. 5: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

The Company stipulates in Article 2, paragraph 1 in Supplementary Provisions in its Articles of Incorporation that the total amount of remuneration, etc. that will be paid in money for Directors (excluding Directors who are Audit and Supervisory Committee Members) from the date of establishment of the Company to the conclusion of the first Ordinary General Meeting of Shareholders shall be no more than 110 million yen per year (not including employee salaries for Directors who concurrently serve as employees).

As part of the ongoing revision of the compensation system for Directors, the Company proposes to pay new compensation for granting restricted stock to Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors; hereinafter “Eligible Directors”) in order to provide them an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and them, separately from the framework of compensation in Proposal No. 3 “Determination of Amount of Compensation for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members).”

The compensation to be offered to Eligible Directors for granting restricted stock in accordance with this proposal shall be in the form of monetary claims. The total amount thereof shall be up to 100 million yen per year (not including employee salaries for Directors who concurrently serve as employees). The specific timing to grant the monetary claims and allocation thereof to each Eligible Director shall be determined by the Board of Directors.

The current number of Eligible Directors is four (4). If Proposal No. 2 “Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)” is approved as proposed, the number of Eligible Directors will be four (4) again.

Eligible Directors shall, based on a resolution of the Board of Directors, make in-kind contribution of all the monetary claims to be granted according to this proposal, and common stock of the Company shall either be issued or disposed of by the Company with the upper limit set at 100,000 shares per year. However, the total number may be adjusted within a reasonable range in the case that a stock split (including an allotment of shares without contribution) or a reverse stock split of the Company’s common stock is conducted, or any other reason that requires an adjustment to the total number of common stock to be issued or disposed of by the Company as restricted stock, on or after the day on which this proposal is approved and resolved.

The amount to be paid per share shall be determined by the Board of Directors within the range that is not particularly advantageous to the Eligible Directors who will receive the Company’s common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which resolution is made at Board of Directors meetings (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day). For the purpose of such issuance or disposal of common stock of the Company, a contract on the allotment of restricted stock (hereinafter “Allotment Contract”) that includes the following provisions shall be concluded between the Company and Eligible Directors.

The upper limit of the amount of compensation, total number of Company’s common stock to be issued or disposed of and other conditions for granting restricted stock to Eligible Directors pursuant to this proposal were determined after taking into consideration the aforementioned purpose, the Company’s operating status, the Company’s “Policies for deciding the amount of compensation, etc. of individual Directors” (if this proposal is approved as proposed, the policy will be amended as described in [Reference] below, for consistency with the contents of approval) and other circumstances, and the Company deems this proposal appropriate.

This Audit and Supervisory Committee deliberated this proposal and expressed its opinion that there were no significant items to be pointed out.

In addition, if the proposals pertaining to this plan is approved as proposed at this General Meeting of Shareholders, the Company intends to introduce a similar restricted stock compensation plan to its Executive Officers not concurrently serving as Directors, as well as to Directors and Executive Officers not concurrently serving as Directors of a subsidiary bank of the Company.

[Outline of contents of the Allotment Contract]

(1) Transfer restriction period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company’s common stock (hereinafter “Transfer Restriction”) that is allotted according to the Allotment Contract (hereinafter “Allotted Shares”) during a period from the day when Eligible Directors are allotted such shares according to the Allotment Contract until the point in time immediately after the resignation or retirement from the positions of officer or employee of the Company or its subsidiaries, as predetermined by the Board

of Directors of the Company (hereinafter “Transfer Restriction Period”). However, if the point in time immediately after the resignation or retirement is prior to the point when three months have passed after the elapse of a fiscal year to which a date belongs on which Eligible Directors receive the allotment of Allotted Shares, the timing to terminate the Transfer Restriction Period may be adjusted within a reasonable range.

(2) Treatment on retirement or resignation

In the event that Eligible Directors resign or retire from the positions of officer or employee of the Company or its subsidiaries, as predetermined by the Board of Directors of the Company, prior to the expiry of a period that is predetermined by the Board of Directors of the Company (hereinafter “Service Provision Period”), the Company shall acquire Allotted Shares rightfully without consideration unless the reason for Eligible Directors’ resignation or retirement from office is the expiration of the term of office, death, or any other justifiable reason.

(3) Lifting of transfer restriction

The Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that Eligible Directors have continuously served in the positions of officer or employee of the Company or its subsidiaries, as predetermined by the Board of Directors of the Company, during the Service Provision Period. However, (1) if such Eligible Directors resign or retire from the positions of officer or employee of the Company or its subsidiaries, as predetermined by the Board of Directors of the Company, for justifiable reason prior to the expiry of the Service Provision Period or (2) if such Eligible Directors resign or retire from the positions of officer or employee of the Company or its subsidiaries, as predetermined by the Board of Directors of the Company, after the expiry of the Service Provision Period but prior to the expiry of the Transfer Restriction Period for reasons other than justifiable reason, the number of Allotted Shares for which Transfer Restriction is to be lifted and the timing of the lifting of Transfer Restriction shall be reasonably adjusted as necessary.

In addition, at the time immediately after the lifting of Transfer Restriction pursuant to the provisions described above, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without consideration.

(4) Treatment on organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the case where an agreement of merger with the Company as the non-surviving entity, agreement of share exchange or plan for share transfer through which the Company becomes a wholly-owned subsidiary, or a matter concerning other organizational restructuring, etc. is approved at the Company’s General Meeting of Shareholders (or at the Company’s Board of Directors in the case where approval of the General Meeting of Shareholders is not required for the said organizational restructuring, etc.) during the Transfer Restriction Period, Transfer Restriction shall be lifted by the resolution of the Company’s Board of Directors prior to the effective date of the said organizational restructuring, etc., with regard to the number of the Allotted Shares reasonably set forth in light of the period from the start date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc. In the case described above, at the time immediately after the lifting of Transfer Restriction, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without contribution.

(5) Others

Any other matters concerning the Allotment Contract shall be determined by the Company’s Board of Directors.

[Reference] Policies for deciding the amount of compensation, etc. of individual Directors

[Directors (excluding Directors who are Audit and Supervisory Committee Members)]

1. Basic policy

The basic policy of the Company with respect to compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) is to build a compensation structure that fully functions as a means to achieve the sustained growth of the Group and improve its medium-to-long term corporate value based on the Group corporate principles and corporate vision, as well as to decide compensation for individual Directors based on an appropriate level depending on their duties and responsibilities.

The compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is comprised of base compensation as fixed compensation, performance-linked compensation (bonuses), and non-monetary compensation (stock compensation).

The compensation of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) is comprised solely of base compensation as fixed compensation so that they are not influenced by performance incentives in order to ensure their independence.

As a bank holding company, the Company shall develop and operate a unified compensation system with its bank subsidiary, The Chugoku Bank, Ltd. If a Director serves at both of these companies, compensation, etc. shall be prorated based on a certain proportion.

2. Policies for deciding the amount of base compensation for individual Directors (including policies for deciding the timing or conditions for the payment of compensation, etc.)

The base compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is comprised of monthly fixed compensation. The amount shall be determined for each position by comprehensively taking into account the operating performance and financial standing of the Group, and executive compensation of industry peers and companies in other sectors, among others.

The base compensation of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) is comprised of monthly fixed compensation. The amount shall be determined by taking into account executive compensation of industry peers and companies in other sectors.

A certain amount of compensation shall be additionally paid to an Outside Director who serves as a member of the Nominating and Compensation Committee (a voluntary committee).

3. Policies for deciding details and calculation method of performance-linked compensation (bonuses) (including policies for deciding the timing or conditions for the payment of compensation, etc.)

The performance-linked compensation (bonuses) of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is a performance-based incentive with an emphasis on annual operating performance, which corresponds to their responsibility as executive directors, and is designed to clarify the link between performance and compensation to increase management awareness of the emphasis on shareholder value.

The amount of payment shall be calculated and determined for each position based on a performance-linked compensation table (please refer to Proposal No. 3) that uses profit attributable to owners of parent (hereinafter “consolidated profit”) as an indicator. The payment shall be made at a certain time each year, upon resolution by the Board of Directors.

However, the payment shall not be made if consolidated profit is 7.5 billion yen or lower.

4. Policies for deciding details and calculation method of the amount or unit of non-monetary compensation (stock compensation) (including policies for deciding the timing or conditions for the payment of compensation, etc.)

The non-monetary compensation (stock compensation) of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is restricted stock compensation. The Company’s policy is to allot its common stock at a certain time each year for the purpose of strengthening the link between the Group performance and stock value, providing Directors an incentive effect to improve corporate performance, and raising management awareness of shareholder value improvement over the medium-to-long term by sharing profit with shareholders.

The number of restricted stock compensation to be allotted shall be calculated for each position, based on the base amount predetermined for each position and the stock price level at the time of allotment. The allotment shall be made at a certain time each year, upon resolution by the Board of Directors.

5. Policies for deciding the proportion (composition ratio) of the amounts of base compensation, performance-linked compensation, and non-monetary compensation in the amount of compensation, etc. of individual Directors

A composition ratio by type of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) shall be deliberated by the Nominating and Compensation Committee, upon taking into consideration the operating performance and financial standing of the Group, and executive compensation of industry peers and companies in other sectors. The policy of the Company with respect to the proportion of compensation is for it to be decided by the Board of Directors by respecting the contents of report of the Nominating and Compensation Committee, so that it allows incentives to function properly.

The basic proportion by type of compensation among base compensation, performance-linked compensation (bonuses) and non-monetary compensation (stock compensation) shall be 4 : 1 : 1.

6. Matters related to decision on details of compensation, etc. for individual Directors

The amount of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be within the amount of compensation resolved at a General Meeting of Shareholders, and a compensation proposal is prepared based on the decision policy after consultation among all Representative Directors. The policy of the Company with respect to the compensation proposal is to disclose it in advance to all Directors, including Outside Directors, based on deliberations and a report by the Nominating and Compensation Committee in order to strengthen fairness, transparency, and objectivity. It will be decided by the Board of Directors in accordance with the decision policy after deliberation at a Group Management Conference meeting and upon taking into account the opinions of the Audit and Supervisory Committee.

[Directors who are Audit and Supervisory Committee Members]

1. Basic policy

The basic policy of the Company with respect to compensation for Directors who are Audit and Supervisory Committee Members is to build a compensation structure that fully functions as a means to achieve the sustained growth of the Group and improve its medium-to-long term corporate value based on the Group corporate principles and corporate vision, as well as to decide compensation for individual Directors based on an appropriate level depending on their duties and responsibilities.

The compensation of Directors who are Audit and Supervisory Committee Members is comprised solely of base compensation as fixed compensation so that they are not influenced by performance incentives in order to ensure their independence.

2. Policies for deciding the amount of base compensation for individual Directors (including policies for deciding the timing or conditions for the payment of compensation, etc.)

The base compensation of Directors who are Audit and Supervisory Committee Members (excluding Outside Directors) is comprised of monthly fixed compensation. The amount shall be determined by taking into account the amount of compensation of the Company's executive directors as well as executive compensation of industry peers and companies in other sectors.

The base compensation of Outside Directors who are Audit and Supervisory Committee Members is comprised of monthly fixed compensation. The amount shall be determined by taking into account executive compensation of industry peers and companies in other sectors. A certain amount of compensation shall be additionally paid to an Outside Director who serves as a member of the Nominating and Compensation Committee (a voluntary committee).

3. Matters related to decisions on details of compensation, etc. for individual Directors

The amount of compensation for individual Directors who are Audit and Supervisory Committee Members shall be decided by the Audit and Supervisory Committee based on the decision policy, within the amount of compensation resolved at a General Meeting of Shareholders.