

(Securities Code: 8349)

June 2, 2020

To shareholders with voting rights:

Naoto Murakami  
Director and President  
**THE TOHOKU BANK, LTD.**  
3-1, Uchimaru, Morioka, Iwate, Japan

## **NOTICE OF CONVOCAION OF THE 100TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We are pleased to announce the 100th Annual General Meeting of Shareholders of THE TOHOKU BANK, LTD. (the “Bank”), which will be held as described below.

However, taking into account the situation of the novel coronavirus disease (COVID-19), we strongly recommend that you refrain from attending the meeting in person this year and exercise your voting rights beforehand in writing or via the internet instead to avoid risk of infection. Shareholders who are elderly, have any underlying disease, or are pregnant are strongly requested to exercise careful judgment, as people in such conditions are perceived to be significantly affected by the infection.

In addition, please understand that no gifts will be offered for safety reasons.

(Exercising your voting rights in writing [by postal mail])

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time).

(Exercising your voting rights via the internet)

Please access to the website for exercising voting rights designated by the Bank (<https://evote.tr.mufig.jp/>) and enter your approval or disapproval of proposals to exercise your voting rights by no later than 5:00 p.m., Monday, June 22, 2020 (Japan Standard Time).

- 1. Date and Time:** Tuesday, June 23, 2020 at 10:00 a.m.  
(The reception desk will open at 9:00 a.m.) (Japan Standard Time)
- 2. Venue:** 4th floor Hall, Head office of the Bank  
3-1, Uchimaru, Morioka, Iwate, Japan

### **3. Purposes of the Meeting:**

#### **Items to be reported:**

1. Business Report and Non-Consolidated Financial Statements for the 100th Term (from April 1, 2019 to March 31, 2020)
2. Consolidated Financial Statements, as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the 100th Term (from April 1, 2019 to March 31, 2020)

#### **Items to be resolved:**

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|--------------------|---|
| <b>Proposal 1:</b> | Appropriation of surplus  |
| <b>Proposal 2:</b> | Partial amendments to the Articles of Incorporation   |
| <b>Proposal 3:</b> | Election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)  |
| <b>Proposal 4:</b> | Election of four (4) Directors who are Audit and Supervisory Committee Members  |
| <b>Proposal 5:</b> | Determination of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)  |
| <b>Proposal 6:</b> | Determination of remuneration amount for Directors who are Audit and Supervisory Committee Members  |
| <b>Proposal 7:</b> | Determination of remuneration for granting restricted shares to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) |

#### **4. Instructions on Exercise of Voting Rights**

Please refer to the “Instructions on Exercise of Voting Rights” (in Japanese only).

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of surplus

The Bank proposes the appropriation of surplus as follows:

Matters related to year-end dividends

1. Type of dividend property

Cash

2. Allocation of dividend property and total amount thereof

(1) Common stock

As year-end dividend for the 100th term, we plan to pay ¥25 per share of common stock, taking into consideration the performance in the fiscal year under review and business development plans in the future. The total amount of dividends will be ¥236,768,775.

(2) Class 1 preferred stock

We plan to pay ¥0.125 per share of class 1 preferred stock as stipulated under the Articles of Incorporation. The total amount of dividends will be ¥500,000.

3. Effective date of distribution of dividends of surplus

June 24, 2020

## Proposal 2: Partial amendments to the Articles of Incorporation

### 1. Reasons for the proposal

#### (1) Amendments due to the transition to a company with audit and supervisory committee

The Bank proposes a transition to a company with audit and supervisory committee, with the aim of strengthening the supervisory functions of the Board of Directors and further enhancing corporate governance.

In that regard, the Bank shall make the necessary amendments to the Bank's Articles of Incorporation, including the establishment of provisions for the Audit and Supervisory Committee and the Audit and Supervisory Committee Members, and the deletion of provisions for the Board of Corporate Auditors and the Corporate Auditors.

#### (2) Amendments other than (1) above

In order to ensure that Directors (excluding executive Directors, etc.) can adequately fulfill the roles expected of them, the Bank plans to add the provision, so that it will be possible to conclude limited liability agreements as set forth in Article 427 of the Companies Act. Each Corporate Auditor has given its consent to the amendments.

#### (3) Other

The Bank shall make other necessary amendments, including adjustments in article numbers, in line with the amendments stated in (1) and (2) above.

### 2. Details of the amendments

Details of the amendments are as follows.

This proposal shall take effect at the conclusion of this meeting.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 1 General Provisions</p> <p>Article 1-Article 3 (Omitted) (Organs)</p> <p>Article 4</p> <p>The Bank shall have, in addition to the general meeting of shareholders and Directors, the following organs:</p> <ol style="list-style-type: none"> <li>Board of Directors</li> <li><u>Corporate Auditors</u></li> <li><u>Board of Corporate Auditors</u></li> <li><u>Accounting Auditor</u></li> </ol> <p>(Method of Public Notice)</p> <p>Article 5</p> <p>The method of public notices of the Bank shall be electronic public notices; provided, however, that if the Bank is unable to give an electronic public notice because of an unavoidable reason, public notices of the Bank may be given in the "IWATE NIPPO" newspaper published in Morioka, Iwate, and "The Nikkei" newspaper published in Tokyo.</p> <p>Chapter 2 Shares</p> <p>Article 6-Article 10 (Omitted) (Shareholder Register Administrator)</p> <p>Article 11</p> <ol style="list-style-type: none"> <li>(Omitted)</li> <li>The shareholder register administrator and the place of business thereof shall be designated by resolution of the Board of Directors and public notice thereof shall be given.</li> </ol> <p>(3) (Omitted)</p>	<p>Chapter 1 General Provisions</p> <p>Article 1-Article 3 (Unchanged) (Organs)</p> <p>Article 4</p> <p>The Bank shall have, in addition to the general meeting of shareholders and Directors, the following organs:</p> <ol style="list-style-type: none"> <li>Board of Directors</li> <li><u>Audit and Supervisory Committee</u></li> </ol> <p>(Deleted)</p> <p><u>3.</u> <u>Accounting Auditor</u></p> <p>(Method of Public Notice)</p> <p>Article 5</p> <p>The method of public notices of the Bank shall be electronic public notices; provided, however, that if the Bank is unable to give an electronic public notice because of an <u>accident or any other</u> unavoidable reason, public notices of the Bank may be given in the "IWATE NIPPO" newspaper published in Morioka, Iwate, and "The Nikkei" newspaper published in Tokyo.</p> <p>Chapter 2 Shares</p> <p>Article 6-Article 10 (Unchanged) (Shareholder Register Administrator)</p> <p>Article 11</p> <ol style="list-style-type: none"> <li>(Unchanged)</li> <li>The shareholder register administrator and the place of business thereof shall be designated by resolution of the Board of Directors <u>or by the decision of Directors delegated by resolution of the Board of Directors</u> and public notice thereof shall be given.</li> </ol> <p>(3) (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Share Handling Regulations) Article 12 Handling of the Bank's shares and the fees therefor shall be governed by the Share Handling Regulations established by the Board of Directors, in addition to applicable laws and regulations and the Articles of Incorporation.</p> <p style="text-align: center;">Chapter 2-2 Preferred Stock</p> <p>(Class 1 Preferred Dividends) Article 12-2 (1) When the Bank pays dividends of surplus provided for in Article <u>41</u>, the Bank shall pay cash dividend per share of class 1 preferred stock in the amount calculated by multiplying the amount equivalent to the amount paid in per share of class 1 preferred stock (however, the amount is adjusted appropriately in the case where there is a stock split, gratis allocation of stock, stock consolidation, or any similar reason in connection with the class 1 preferred stock) by the annual dividend ratio determined by resolution of the Board of Directors prior to the issuance of the class 1 preferred stock (the "Class 1 Preferred Dividends"), to shareholders holding class 1 preferred stock (the "Class 1 Preferred Shareholders") and registered pledgees of class 1 preferred stock (the "Registered Pledgees of Class 1 Preferred Stock") who are entered or recorded in the last shareholder register as of the record date of the dividends of surplus, with priority over shareholders holding common stock (the "Common Shareholders") and registered pledgees of common stock (the "Registered Pledgees of Common Stock"). However, the annual dividend ratio shall be up to 8%. In addition, when the Class 1 Preferred Interim Dividends provided for in Article 12-3 are paid to the Class 1 Preferred Shareholders and Registered Pledgees of Class 1 Preferred Stock in the fiscal year in which the relevant record date falls, the amount shall be the amount of Class 1 Preferred Dividends less the amount of the interim dividends.</p> <p>(2)-(3) (Omitted)</p> <p>(Class 1 Preferred Interim Dividends) Article 12-3 When the Bank commences payment of interim dividend provided for in Article <u>42</u>, the Bank shall pay cash dividend per share of class 1 preferred stock to the Class 1 Preferred Shareholders and Registered Pledgees of Class 1 Preferred Stock, who are entered or recorded in the last shareholder register as of the record date of the interim dividend, with priority over the Common Shareholders and Registered Pledgees of Common Stock, which amount shall not exceed one-half of the amount of the Class 1 Preferred Dividends (the "Class 1 Preferred Interim Dividends").</p> <p>Article 12-4 - Article 12-9 (Omitted) (Prescription Period) Article 12-10 The provisions of Article <u>43</u> shall apply mutatis mutandis to payments of the Class 1 Preferred Dividends and the Class 1 Preferred Interim Dividends.</p>	<p>(Share Handling Regulations) Article 12 Handling of the Bank's shares and the fees therefor shall be governed by the Share Handling Regulations established by the Board of Directors <u>or by Directors delegated by resolution of the Board of Directors</u>, in addition to applicable laws and regulations and the Articles of Incorporation.</p> <p style="text-align: center;">Chapter 2-2 Preferred Stock</p> <p>(Class 1 Preferred Dividends) Article 12-2 (1) When the Bank pays dividends of surplus provided for in Article <u>37</u>, the Bank shall pay cash dividend per share of class 1 preferred stock in the amount calculated by multiplying the amount equivalent to the amount paid in per share of class 1 preferred stock (however, the amount is adjusted appropriately in the case where there is a stock split, gratis allocation of stock, stock consolidation, or any similar reason in connection with the class 1 preferred stock) by the annual dividend ratio determined by resolution of the Board of Directors prior to the issuance of the class 1 preferred stock (the "Class 1 Preferred Dividends"), to shareholders holding class 1 preferred stock (the "Class 1 Preferred Shareholders") and registered pledgees of class 1 preferred stock (the "Registered Pledgees of Class 1 Preferred Stock") who are entered or recorded in the last shareholder register as of the record date of the dividends of surplus, with priority over shareholders holding common stock (the "Common Shareholders") and registered pledgees of common stock (the "Registered Pledgees of Common Stock"). However, the annual dividend ratio shall be up to 8%. In addition, when the Class 1 Preferred Interim Dividends provided for in Article 12-3 are paid to the Class 1 Preferred Shareholders and Registered Pledgees of Class 1 Preferred Stock in the fiscal year in which the relevant record date falls, the amount shall be the amount of Class 1 Preferred Dividends less the amount of the interim dividends.</p> <p>(2)-(3) (Unchanged)</p> <p>(Class 1 Preferred Interim Dividends) Article 12-3 When the Bank commences payment of interim dividend provided for in Article <u>38</u>, the Bank shall pay cash dividend per share of class 1 preferred stock to the Class 1 Preferred Shareholders and Registered Pledgees of Class 1 Preferred Stock, who are entered or recorded in the last shareholder register as of the record date of the interim dividend, with priority over the Common Shareholders and Registered Pledgees of Common Stock, which amount shall not exceed one-half of the amount of the Class 1 Preferred Dividends (the "Class 1 Preferred Interim Dividends").</p> <p>Article 12-4 - Article 12-9 (Unchanged) (Prescription Period) Article 12-10 The provisions of Article <u>39</u> shall apply mutatis mutandis to payments of the Class 1 Preferred Dividends and the Class 1 Preferred Interim Dividends.</p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Article 13-Article 14 (Omitted) (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 15</p> <p>(1) The Director and President shall convene general meetings of shareholders and chair the meetings.</p> <p>(2) (Omitted)</p> <p>Article 16-Article 19 (Omitted)</p> <p style="text-align: center;">Chapter 4 Directors <u>and</u> the Board of Directors</p> <p>(Number of Directors)</p> <p>Article 20</p> <p>The Bank shall have not more than ten (10) Directors.</p> <p style="text-align: center;">(Newly established)</p> <p>(Election of Directors)</p> <p>Article 21</p> <p>(1) Directors shall be elected by resolution of a general meeting of shareholders.</p> <p>(2) Resolutions on the election of a Director shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</p> <p>(3) (Omitted)</p> <p>(Terms of Office of Directors)</p> <p>Article 22</p> <p>(1) The term of office of a Director shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within <u>two (2) years</u> from the election of the Director.</p> <p style="text-align: center;">(Newly established)</p> <p>(2) <u>The term of office of a Director who is elected due to an increase in the number of Directors or a Director who is elected as the substitute for a Director who retired from office before the expiration of the term of office shall continue until the expiration of the term of office of the other incumbent Directors.</u></p>	<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Article 13-Article 14 (Unchanged) (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 15</p> <p>(1) The Director and President shall, <u>unless otherwise provided for by laws and regulations,</u> convene general meetings of shareholders and chair the meetings.</p> <p>(2) (Unchanged)</p> <p>Article 16-Article 19 (Unchanged)</p> <p style="text-align: center;">Chapter 4 Directors, the Board of Directors <u>and the Audit and Supervisory Committee</u></p> <p>(Number of Directors)</p> <p>Article 20</p> <p>(1) <u>The Bank shall have not more than ten (10) Directors, (excluding Audit and Supervisory Committee Members).</u></p> <p>(2) <u>The Bank shall have not more than five (5) Directors who are Audit and Supervisory Committee Members.</u></p> <p>(Election of Directors)</p> <p>Article 21</p> <p>(1) Directors shall be elected by resolution of a general meeting of shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>(2) Resolutions on the election of a Director shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present. (Change in Japanese only; English unchanged)</p> <p>(3) (Unchanged)</p> <p>(Terms of Office of Directors)</p> <p>Article 22</p> <p>(1) The term of office of a Director <u>(excluding an Audit and Supervisory Committee Member)</u> shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within <u>one (1) year</u> from the election of the Director.</p> <p>(2) <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within two (2) years from the election of the Director who is an Audit and Supervisory Committee Member.</u></p> <p>(3) <u>The term of office of a Director who is an Audit and Supervisory Committee Member and elected as the substitute for a Director who is an Audit and Supervisory Committee Member and retired from office before the expiration of the term of office shall continue until the expiration of the term of office of the retired Director who was an Audit and Supervisory Committee Member.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	(4) <u>The effective term of the resolution for election of a Substitute Director who is an Audit and Supervisory Committee Member under Article 329, paragraph (3) of the Companies Act shall expire at the beginning of the Annual General Meeting of Shareholders relating to the last fiscal year ending within two (2) years from the election of the Substitute Director who is an Audit and Supervisory Committee Member unless shortened by said resolution.</u>
(Directors with Special Titles and Representative Directors) Article 23	(Representative Directors and Directors with Special Titles) Article 23
(Newly established)	(1) <u>The Board of Directors shall appoint, by its resolution, Representative Director(s) from Directors (excluding Audit and Supervisory Committee Members).</u> (2) <u>The Board of Directors shall appoint, by its resolution, one (1) Director and President, and may appoint one (1) Director and Chairman, one (1) or a small number of Director and Vice Presidents, one (1) or a small number of Senior Managing Directors, and one (1) or a small number of Managing Directors from Directors (excluding Audit and Supervisory Committee Members) as required.</u> (Deleted)
(1) <u>The Board of Directors shall appoint, by its resolution, one (1) Director and President, and may appoint one (1) Director and Chairman, one (1) or a small number of Director and Vice Presidents, one (1) or a small number of Senior Managing Directors, and one (1) or a small number of Managing Directors as required.</u> (2) <u>The Director and President shall represent the Bank and may appoint, by resolution of the Board of Directors, another Director or Directors to represent the Bank.</u>	(Deleted)
(Board of Directors) Article 24	(Deleted)
(1) <u>The Board of Directors consists of the Bank's Directors.</u> (2) <u>Matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors.</u>	(Deleted)
(Convocation and Chairmanship of Meeting of the Board of Directors)	(Convener and Chairmanship of Meeting of the Board of Directors)
Article 25 (1) (Omitted) (2) (Omitted) (3) <u>With unanimous approval of all Directors and Corporate Auditors, a meeting of the Board of Directors may be held without the convocation procedures.</u>	Article 24 (1) (Unchanged) (2) (Unchanged) (3) <u>With unanimous approval of all Directors, a meeting of the Board of Directors may be held without the convocation procedures.</u> (Convocation of Meetings of the Audit and Supervisory Committee)
(Newly established)	Article 25 (1) <u>When convening a meeting of the Audit and Supervisory Committee, a notice shall be dispatched at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> (2) <u>With unanimous approval of all Audit and Supervisory Committee Members, a meeting of the Audit and Supervisory Committee may be held without the convocation procedures.</u>
(Newly established)	(Deleted)
(Resolution of the Board of Directors) Article 26 <u>A resolution of the Board of Directors shall be, unless otherwise provided for in laws and regulations, adopted by the majority vote of the Directors present at the meeting where the majority of Directors are present.</u>	(Deleted)
Article 27 (Omitted)	Article 26 (Unchanged) (Delegation to Directors)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>Article 27</u> <u>The Bank may, pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, delegate decisions regarding execution of important duties (excluding matters set forth in each item of Article 399-13, paragraph (5) of the Companies Act) to Directors by resolution of the Board of Directors.</u> <u>(Regulations of the Board of Directors)</u>
(Newly established)	<u>Article 28</u> <u>Matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors, in addition to applicable laws and regulations and the Articles of Incorporation.</u> <u>(Regulations of the Audit and Supervisory Committee)</u>
(Newly established)	<u>Article 29</u> <u>Matters concerning the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, in addition to applicable laws and regulations and the Articles of Incorporation.</u> <u>(Remuneration, etc. for Directors)</u>
(Newly established)	<u>Article 30</u> <u>Remuneration, bonuses and other economic benefits given by the Bank in consideration for the execution of duties to Directors shall be determined by resolution of a general meeting of shareholders, while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u> <u>(Limited Liability Agreement with Directors)</u>
(Newly established)	<u>Article 31</u> <u>In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Bank may enter into an agreement with any Director (excluding executive Directors, etc.) of the Bank that limits the Director's liability for damage provided for in Article 423, paragraph (1) of the same Act, in the case of falling under the requirements provided for in laws or regulations; provided, however, that the limit of liability for damage under such agreement shall be the amount provided for in laws or regulations.</u>
Article 28 (Omitted)	Article 32 (Unchanged)
<u>Chapter 5</u> <u>Corporate Auditors and Board of Corporate Auditors</u> <u>(Number of Corporate Auditors)</u>	(Deleted)
<u>Article 29</u> <u>The Bank shall have not less than four (4) but not more than five (5) Corporate Auditors.</u> <u>(Election of Corporate Auditors)</u>	(Deleted)
<u>Article 30</u> <u>(1) Corporate Auditors shall be elected by resolution of a general meeting of shareholders.</u> <u>(2) Resolutions on the election of a Corporate Auditor shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u>	(Deleted)



Current Articles of Incorporation	Proposed Amendments
<u>(Terms of Office of Corporate Auditors)</u>	
<u>Article 31</u>	(Deleted)
(1) <u>The term of office of a Corporate Auditor shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from the election of the Corporate Auditor.</u>	
(2) <u>The term of office of a Corporate Auditor who is elected as the substitute for a Corporate Auditor who retired from office before the expiration of the term of office shall continue until the expiration of the term of office of the retired Corporate Auditor.</u>	(Deleted)
<u>(Substitute Corporate Auditors)</u>	
<u>Article 32</u>	(Deleted)
(1) <u>The effective term of the resolution for election of a Substitute Corporate Auditor under Article 329, paragraph (3) of the Companies Act shall expire at the beginning of the Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from the resolution for election of the Substitute Corporate Auditor unless shortened by said resolution.</u>	
(2) <u>If the Substitute Corporate Auditor assumes the office of Corporate Auditor, the term of office shall be until the expiration of the term of office of the retired Corporate Auditor; provided, however, that this term shall not continue beyond the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from the election of the Substitute Corporate Auditor.</u>	(Deleted)
<u>(Full-time Corporate Auditors and Senior Corporate Auditors)</u>	
<u>Article 33</u>	(Deleted)
(1) <u>Full-time Corporate Auditors shall be appointed by resolution of the Board of Corporate Auditors.</u>	
(2) <u>Senior Corporate Auditors may be appointed, by resolution of the Board of Corporate Auditors, from Full-time Corporate Auditors.</u>	(Deleted)
<u>(Convocation Procedures of the Meeting of the Board of Corporate Auditors)</u>	
<u>Article 34</u>	(Deleted)
(1) <u>When convening a meeting of the Board of Corporate Auditors, a notice shall be dispatched at least three (3) days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u>	
(2) <u>With unanimous approval of all Corporate Auditors, a meeting of the Board of Corporate Auditors may be held without the convocation procedures.</u>	(Deleted)
<u>(Resolution of the Board of Corporate Auditors)</u>	
<u>Article 35</u>	(Deleted)
<u>A resolution of the Board of Corporate Auditors shall be, unless otherwise provided for in laws and regulations, adopted by the majority vote of the Corporate Auditors.</u>	
<u>(Regulations of the Board of Corporate Auditors)</u>	
<u>Article 36</u>	(Deleted)
<u>Matters concerning the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.</u>	

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 6 Accounting Auditor</p> <p>Article 37 (Omitted) (Term of Office of Accounting Auditor)</p> <p>Article 38 (1) The term of office of the Accounting Auditor shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within one (1) year from the election of the Accounting Auditor.</p> <p>(2) (Omitted) (Remuneration, etc. for Accounting Auditor)</p> <p>Article 39 Remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director after obtaining the consent of the <u>Board of Corporate Auditors</u>.</p> <p style="text-align: center;">Chapter 7 Accounts</p> <p>Article 40 (Omitted) (Dividends of Surplus, etc.)</p> <p>Article 41 The Bank shall, by resolution of the general meeting of shareholders, pay cash dividends of surplus to shareholders or registered pledgees of shares who are entered or recorded in the last shareholder register as of March 31 each year (the “Year-end Dividend”). (Interim Dividends)</p> <p>Article 42 The Bank may, by resolution of the Board of Directors, pay dividends of surplus provided for in Article 454, paragraph (5) of the Companies Act to shareholders or registered pledgees of shares who are entered or recorded in the last shareholder register as of September 30 each year (the “Interim Dividend”).</p> <p>(Prescription Period)</p> <p>Article 43 (1) In cases where the Year-end Dividend and Interim Dividend have not been received after the lapse of five (5) years from the date of commencement of payment thereof, the Bank shall be exempt from the obligation to pay such dividends.</p> <p>(2) (Omitted)</p>	<p style="text-align: center;">Chapter 5 Accounting Auditor</p> <p>Article 33 (Unchanged) (Term of Office of Accounting Auditor)</p> <p>Article 34 (1) The term of office of the Accounting Auditor shall expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within one (1) year from the election of the Accounting Auditor. (Change in Japanese only; English unchanged)</p> <p>(2) (Unchanged) (Remuneration, etc. for Accounting Auditor)</p> <p>Article 35 Remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director after obtaining the consent of the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter 6 Accounts</p> <p>Article 36 (Unchanged) (Dividends of Surplus, etc.)</p> <p>Article 37 The Bank shall, by resolution of the general meeting of shareholders, pay cash dividends of surplus to shareholders or registered pledgees of shares who are entered or recorded in the last shareholder register as of March 31 each year (the “Year-end Dividend”). (Change in Japanese only; English unchanged) (Interim Dividends)</p> <p>Article 38 The Bank may, by resolution of the Board of Directors, pay dividends of surplus provided for in Article 454, paragraph (5) of the Companies Act to shareholders or registered pledgees of shares who are entered or recorded in the last shareholder register as of September 30 each year (the “Interim Dividend”). (Change in Japanese only; English unchanged)</p> <p>(Prescription Period)</p> <p>Article 39 (1) In cases where the Year-end Dividend and Interim Dividend have not been received after the lapse of five (5) <u>full</u> years from the date of commencement of payment thereof, the Bank shall be exempt from the obligation to pay such dividends.</p> <p>(2) (Unchanged)</p>

**Proposal 3:** Election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Subject to the approval and adoption of Proposal 2 “Partial amendments to the Articles of Incorporation,” the Bank will make the transition to a company with audit and supervisory committee. The terms of office of all nine (9) Directors will expire at the conclusion of this meeting. We therefore propose that nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected.

This proposal can only take effect on the condition that Proposal 2 “Partial amendments to the Articles of Incorporation” becomes effective.

The candidates for Director (excluding Director who is an Audit and Supervisory Committee Member) are as follows:

No.	Name	Current position in the Bank	Attribute	Attendance at meetings of the Board of Directors
1	Naoto Murakami	Representative Director and President	Reelection	12/12 (100.0%)
2	Hidenobu Yokosawa	Senior Managing Director	Reelection	12/12 (100.0%)
3	Takeshi Sato	Managing Director	Reelection	11/12 (91.6%)
4	Hiroki Mori	Managing Director	Reelection	12/12 (100.0%)
5	Masahiro Onodera	Director/Manager of Head Office	Reelection	12/12 (100.0%)
6	Toshiya Kuzuo	Executive Officer/Manager of Kitakami Branch	New election	–
7	Saburo Murai	Director	Reelection Outside Independent	12/12 (100.0%)
8	Toyoaki Sawaguchi	Director	Reelection Outside Independent	11/12 (91.6%)
9	Yuzo Kumagai	Corporate Auditor	New election	11/12 (91.6%)

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent: Independent officer as provided for by stock exchanges and other institutions

Candidates for Director (excluding Director who is an Audit and Supervisory Committee Member)

Candidates for Director (excluding Director who is an Audit and Supervisory Committee Member)			
No.	Name (Date of birth)	Career summary, position and responsibilities in the Bank (Significant concurrent positions outside the Bank)	Number of the Bank's shares owned
1	Naoto Murakami (February 18, 1952) Reelection	June 2006 Managing Director June 2010 Senior Managing Director June 2011 Representative Director and Senior Managing Director June 2012 Representative Director and Vice President June 2014 Representative Director and President (present) (In charge of Secretariat and Tokyo office)	Common Stock 4,000
		[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Assuming the office of Director in 2006, Murakami has engaged in management of the Bank mainly as Director in charge of credit, corporate planning, and personnel. He has abundant experience and broad knowledge. He has properly fulfilled his duties and responsibilities, assuming office as Representative Director in 2011 and serving as Director and President from 2014. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).	
2	Hidenobu Yokosawa (August 22, 1954) Reelection	June 2011 Executive Officer/Manager of Business Operations Administration Div. June 2013 Executive Officer/Manager of Head Office June 2014 Director/Manager of Head Office June 2015 Managing Director/Manager of Head Office Apr. 2016 Managing Director June 2019 Senior Managing Director (present) (In charge of Corporate Planning Div. and Business Operations Administration Div.)	Common Stock 3,200
		[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Yokosawa has extensive experience and detailed knowledge of the banking business, serving as Manager of Personnel Division, Business Operations Administration Division, and Head Office. He has properly fulfilled his duties and responsibilities, assuming office as Director in 2014. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).	
3	Takeshi Sato (June 6, 1966) Reelection	Apr. 2010 General Manager of Strategy Support Office May 2011 Manager of Strategy Managing Div. June 2013 Councilor/General Manager of Miyako area/Manager of Miyako Branch Apr. 2015 Councilor/Manager of Area Support Div. June 2016 Managing Director/Manager of Area Support Div. Apr. 2017 Managing Director (present) (In charge of General Affairs Div., Branch Management Div., Asset Management Consulting Services Div. and Area Support Div.)	Common Stock 1,100
		[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Sato has extensive experience and detailed knowledge of the banking business, serving as Manager of Miyako branch, Sales Promotion and Sales Management. He has properly fulfilled his duties and responsibilities, assuming office as Director in 2016. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).	

No.	Name (Date of birth)	Career summary, position and responsibilities in the Bank (Significant concurrent positions outside the Bank)		Number of the Bank's shares owned
4	Hiroki Mori (May 18, 1963) Reelection	Apr. 2009	Manager of Credit Management Div.	Common Stock 2,100
		Feb. 2012	Manager of Tonan Branch	
		Apr. 2014	Manager of Kuji Branch	
		June 2015	Councilor/Manager of Kuji Branch	
		Apr. 2016	Councilor/Manager of Head Office	
		June 2016	Executive Officer/Manager of Head Office	
		June 2018	Managing Director (present) (In charge of Credit Administration Div.)	
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Mori has extensive experience and detailed knowledge of the banking business, serving as Manager of Credit Management Division, Kuji branch and Head Office. He has properly fulfilled his duties and responsibilities, assuming office as Director in 2018. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).				
5	Masahiro Onodera (July 30, 1960) Reelection	Apr. 2009	Manager of Hanamaki Branch	Common Stock 3,100
		June 2012	Councilor/General Manager of Hanamaki area/Manager of Hanamaki Branch	
		June 2013	Councilor/General Manager of Oushu area/Manager of Mizusawa Branch	
		June 2015	Executive Officer/Manager of Mizusawa Branch	
		Apr. 2017	Executive Officer/Manager of Kitakami Branch	
		June 2018	Director/Manager of Head Office (present)	
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Onodera has extensive experience and detailed knowledge of the banking business, serving as Manager of Hanamaki branch, Mizusawa branch, Kitakami branch and Head Office. He has properly fulfilled his duties and responsibilities, assuming office as Director in 2018. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).				
6	Toshiya Kuzuo (April 10, 1961) New election	Oct. 2006	Manager of Kuroishino Branch	Common Stock 2,000
		July 2010	Manager of Secretariat	
		Jan. 2012	Manager of Secretariat/Manager of Personnel Div.	
		June 2013	Councilor/Manager of Personnel Div.	
		Apr. 2015	Councilor/Manager of Sendai Branch	
		June 2015	Executive Officer/Manager of Sendai Branch	
		June 2018	Executive Officer/Manager of Kitakami Branch (present)	
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Kuzuo has extensive experience and detailed knowledge of the banking business, serving as Manager of Kuroishino branch, Secretariat, Personnel Division, Sendai branch and Kitakami branch. He has properly fulfilled his duties and responsibilities, assuming office as Executive Officer in 2015. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).				

No.	Name (Date of birth)	Career summary, position and responsibilities in the Bank (Significant concurrent positions outside the Bank)		Number of the Bank's shares owned
7	Saburo Murai (July 27, 1963) Reelection Outside Independent	Apr. 1990	Appointed as a Public Prosecutor	Common Stock —
		Mar. 2000	Retired from a Public Prosecutor	
		Apr. 2000	Registered as Attorney-at-Law	
		Nov. 2000	Opened Saburo Murai Law Office	
		Jan. 2010	Chairman of the Fair Duties Review Board for Morioka City (present)	
		Apr. 2013	Chairman of Iwate Bar Association	
			Director of Japan Federation of Bar Association	
		Apr. 2014	Director of Iwate Bar Association (present)	
		May 2014	Chairman of Iwate Human Rights Advocacy Committee Federation (present)	
		June 2015	Director of the Bank (present)	
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] After serving as a public prosecutor and currently acting as an attorney-at-law, Murai has extensive experience and broad expertise and has provided the Bank with useful advice mainly from the standpoint of compliance. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Outside Director. Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).				
8	Toyoaki Sawaguchi (January 2, 1952) Reelection Outside Independent	Apr. 1976	Joined the National Tax Agency	Common Stock —
		July 1980	Co-Ordination Div., Management and Co-ordination Dept., Tokyo Regional Taxation Bureau	
		July 1982	Second Large Enterprise Examination Dept., Tokyo Regional Taxation Bureau	
		July 1988	Information and Examination Div., Direct Taxation Dept., Tokyo Regional Taxation Bureau	
		July 1990	Commissioner's Secretariat, the National Tax Agency	
		Feb. 1992	Retired from the National Tax Agency and joined Sawaguchi Accounting Firm & Co.	
		Mar. 2000	Representative Director, Sawaguchi Accounting Firm & Co. (present)	
		June 2014	Director of the Bank (present)	
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Sawaguchi has detailed knowledge of corporate management and financial and tax affairs as a certified tax accountant and corporate manager. He has extensive experience and broad knowledge. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Outside Director. Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).				

No.	Name (Date of birth)	Career summary, position and responsibilities in the Bank (Significant concurrent positions outside the Bank)	Number of the Bank's shares owned
9	Yuzo Kumagai (August 7, 1947) New election	Mar. 1991 Representative Director and President, Morioka Gas Co., Ltd. Nov. 1991 Representative Director and President, Morioka Fuel Gas Co., Ltd. June 1994 Corporate Auditor of the Bank June 2002 Director of the Bank June 2016 Corporate Auditor of the Bank (present) Mar. 2017 Representative Director and Chairman, Morioka Fuel Gas Co., Ltd. (present) Mar. 2018 Representative Director and Chairman, Morioka Gas Co., Ltd. (present)	Common Stock —
[Reasons for nominating as candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] Serving as manager of local companies for many years, Kumagai has extensive experience and broad knowledge. He served as Outside Corporate Auditor of the Bank from 1994 and Outside Director from 2002, and Corporate Auditor from 2016, and properly fulfilled his duties and responsibilities. We judged that he will be able to contribute to the Bank's management by utilizing his experience and knowledge as Director (excluding Director who is an Audit and Supervisory Committee Member). Accordingly we have nominated him as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member).			

- Notes:
1. The Bank has loans and other transactions with Morioka Gas Co., Ltd. and Morioka Fuel Gas Co., Ltd. for which Yuzo Kumagai serves as Representative Director and Chairman.
  2. Except for 1. above, none of these candidates have any special interest in the Bank.
  3. Saburo Murai and Toyooki Sawaguchi are candidates for Outside Director.
  4. The Bank proposes that Saburo Murai be elected as Outside Director so that he utilizes his extensive experience and broad expertise accumulated as an attorney-at-law for the Bank's management. At the conclusion of this meeting, his tenure as Outside Director will have been five (5) years. He has never in the past been involved in the management of a company except as an outside director or outside corporate auditor. However, the Bank judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.
  5. The Bank proposes that Toyooki Sawaguchi be elected as Outside Director so that he utilizes his extensive experience and broad knowledge accumulated as a certified tax accountant and corporate manager for the Bank's management. At the conclusion of this meeting, his tenure as Outside Director will have been six (6) years.
  6. The Bank has submitted notification to Tokyo Stock Exchange, Inc., that Saburo Murai and Toyooki Sawaguchi have been designated as independent officers. If they are elected as Directors (excluding Directors who are Audit and Supervisory Committee Members), the Bank plans for their appointments as independent officers to continue.
  7. If Saburo Murai, Toyooki Sawaguchi and Yuzo Kumagai are elected as Directors (excluding Directors who are Audit and Supervisory Committee Members), the Bank plans to enter into a limited liability agreement as set forth in Article 427, paragraph (1) of the Companies Act with each one of them who is a non-executive Director, subject to the approval and adoption of Proposal 2 "Partial amendments to the Articles of Incorporation." The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.

**Proposal 4:** Election of four (4) Directors who are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal 2 “Partial amendments to the Articles of Incorporation,” the Bank will make the transition to a company with audit and supervisory committee. We therefore propose that four (4) Directors who are Audit and Supervisory Committee Members be elected.

The Board of Corporate Auditors has given its prior consent to this proposal.

This proposal can only take effect on the condition that Proposal 2 “Partial amendments to the Articles of Incorporation” becomes effective.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

No.	Name	Current position in the Bank	Attribute	Attendance at meetings of the Board of Directors
1	Junetsu Takahashi	Managing Director	New election	11/12 (91.6%)
2	Atsuo Saito	Full-time Corporate Auditor	New election Outside Independent	12/12 (100.0%)
3	Shinji Kayano	Corporate Auditor	New election Outside Independent	10/10 (100.0%)
4	Sachiko Tatewaki (Present family name: Otomo)	—	New election Outside Independent	—

Note: Shinji Kayano attended all the ten (10) meetings of the Board of Directors held after he assumed the office of Corporate Auditor on June 21, 2019.

New election: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent: Independent officer as provided for by stock exchanges and other institutions



Candidates for Director who is an Audit and Supervisory Committee Member

No.	Name (Date of birth)	Career summary and position in the Bank (Significant concurrent positions outside the Bank)	Number of the Bank's shares owned
1	Junetsu Takahashi (February 9, 1962) New election	<p>June 2006     Manager of Credit Management Div.</p> <p>Apr. 2009     Manager of Hachinohe Branch</p> <p>Feb. 2012     Manager of Corporate Planning Div.</p> <p>June 2013     Councilor/Manager of Corporate Planning Div.</p> <p>June 2015     Executive Officer/Manager of Corporate Planning Div.</p> <p>June 2016     Managing Director/Manager of Corporate Planning Div.</p> <p>Oct. 2017     Managing Director</p> <p>Mar. 2018     Managing Director/Manager of Credit Div.</p> <p>Apr. 2018     Managing Director (present) (In charge of Personnel Div. and Financial Market Div.)</p>	Common Stock 900
<p>[Reasons for nominating as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Takahashi has extensive experience and detailed knowledge of the banking business, serving as Manager of Credit Management Division, Hachinohe branch and Corporate Planning Division. He has properly fulfilled his duties and responsibilities, assuming office as Director in 2016.</p> <p>We judged that he will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately by utilizing his experience and knowledge. Accordingly we have nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>			
2	Atsuo Saito (April 11, 1955) New election Outside Independent	<p>Apr. 1980     Joined Iwate Prefectural Government</p> <p>Apr. 2010     Commissioner of Department of Commerce, Industry, Labor and Tourism, Iwate Prefectural Government</p> <p>Apr. 2012     Director-General of Wide Coastal Area Promotion Bureau, Iwate Prefectural Government</p> <p>Apr. 2014     Commissioner of Regional Policy Department, Iwate Prefectural Government</p> <p>Apr. 2015     Planning Director, Iwate Prefectural Government</p> <p>July 2016     President of Iwate Industrial Research Institute</p> <p>June 2017     Full-time Corporate Auditor of the Bank (present)</p>	Common Stock 600
<p>[Reasons for nominating as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Saito has been engaged in local administration as an official for prefectural government for many years since joining the Iwate Prefectural Government in 1980, and he has extensive experience and broad knowledge. He has served as Full-time Corporate Auditor of the Bank since June 2017 and has properly fulfilled his duties and responsibilities.</p> <p>We judged that he will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately by utilizing his experience and knowledge. Accordingly we have nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career summary and position in the Bank (Significant concurrent positions outside the Bank)		Number of the Bank's shares owned
3	Shinji Kayano (October 8, 1953) New election Outside Independent	Apr. 1976	Joined The Yomiuri Shimbun	Common Stock —
		Aug. 2002	Editorial Committee Member of The Yomiuri Shimbun Tokyo Headquarters	
		Jan. 2008	Deputy Chairman of Editorial Writings of The Yomiuri Shimbun Tokyo Headquarters	
		June 2012	Director of Miyagi Television Broadcasting Co., Ltd.	
		June 2013	Managing Director of Miyagi Television Broadcasting Co., Ltd.	
		June 2017	Representative Director and President of TELEVISION IWATE CORP. (present)	
		June 2019	Corporate Auditor of the Bank (present)	
<p>[Reasons for nominating as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Kayano has been involved in a news media company for many years, and he also has extensive experience and broad knowledge as a corporate manager. He has served as Outside Corporate Auditor of the Bank since June 2019 and has properly fulfilled his duties and responsibilities.</p> <p>We judged that he will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately by utilizing his experience and knowledge. Accordingly we have nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>				
4	Sachiko Tatewaki (Present family name: Otomo) (July 13, 1979) New election Outside Independent	Oct. 2006	Registered as Attorney-at-Law	Common Stock —
		Mar. 2010	Joined YELL LAW OFFICE (present)	
		Oct. 2011	Registered Professional of Guidelines for Individual Debtor Out-of-Court Workouts (present)	
		Nov. 2018	Secretary of Sendai Business Revitalization Study Group (present)	
		Dec. 2018	Certified as Support Agencies for Business Innovation by the Small and Medium Enterprise Agency (present)	
		Apr. 2020	Family Mediation Committee Member, Sendai Family Court (present)	
<p>[Reasons for nominating as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Tatewaki has been demonstrating a track record as an attorney-at-law, and she has extensive experience and broad knowledge.</p> <p>We judged that she will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately by utilizing her experience and knowledge. Accordingly we have nominated her as a candidate for Director who is an Audit and Supervisory Committee Member.</p>				

- Notes:
1. The Bank has loans and other transactions with TELEVISION IWATE CORP. for which Shinji Kayano serves as Representative Director and President.
  2. Except for 1. above, none of these candidates have any special interest in the Bank.
  3. Atsuo Saito, Shinji Kayano and Sachiko Tatewaki are candidates for Outside Director who is an Audit and Supervisory Committee Member.
  4. Since Atsuo Saito has been engaged in local administration as an official for prefectural government for many years, and he has extensive experience and broad knowledge, the Bank has judged that he will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately. Accordingly the Bank proposes that he be elected as Outside Director who is an Audit and Supervisory Committee Member. At the conclusion of this meeting, his tenure as Outside Corporate Auditor will have been three (3) years. He has never in the past been involved in the management of a company except as an outside director or outside corporate auditor. However, the Bank judges he will appropriately fulfill his duties as an Outside Director who is an Audit and Supervisory Committee Member based on the above reasons.
  5. Since Shinji Kayano has been involved in a news media company for many years, and he also has extensive experience and broad knowledge as a corporate manager, the Bank has judged that he will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately. Accordingly the Bank proposes that he be elected as Outside Director who is an Audit and Supervisory Committee Member. At the conclusion of this meeting, his tenure as Outside Corporate Auditor will have been one (1) year.

6. Since Sachiko Tatewaki has been demonstrating a track record as an attorney-at-law, and she has extensive experience and broad knowledge, the Bank has judged that she will be able to audit the execution of duties of Directors and exercise supervision over the management appropriately. Accordingly the Bank proposes that she be elected as Outside Director who is an Audit and Supervisory Committee Member. She has never in the past been involved in the management of a company except as an outside director or outside corporate auditor. However, the Bank judges she will appropriately fulfill her duties as an Outside Director who is an Audit and Supervisory Committee Member based on the above reasons.
7. Although Sachiko Tatewaki has changed her family name to Otomo following her marriage, she continues to conduct business as an attorney-at-law under her former family name, Tatewaki.
8. The Bank has submitted notification to Tokyo Stock Exchange, Inc., that Atsuo Saito has been designated as an independent officer. If he is elected as a Director who is an Audit and Supervisory Committee Member, the Bank plans for his appointment as an independent officer to continue. If Shinji Kayano and Sachiko Tatewaki are elected as Directors who are Audit and Supervisory Committee Members, the Bank plans to submit notification to Tokyo Stock Exchange, Inc. concerning their appointments as independent officers.
9. If Atsuo Saito, Shinji Kayano and Sachiko Tatewaki are elected as Directors who are Audit and Supervisory Committee Members, the Bank plans to enter into a limited liability agreement as set forth in Article 427, paragraph (1) of the Companies Act with each one of them who is a non-executive Director, subject to the approval and adoption of Proposal 2 “Partial amendments to the Articles of Incorporation.” The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.

(Reference)

## Independence Standards Concerning Outside Directors

In order to ensure the independence from TOHOKU BANK Group (the Bank and consolidated subsidiaries; collectively, the “Group”), independent officers of the Bank must not fall under any of the following items:

- (1) A person who is a major shareholder of the Group or an executive of a company which is a major shareholder of the Group
- (2) An executive of a company of which the Group is a major shareholder
- (3) A person for whom the Group is a major trading partner or an executive of a company for which the Group is a major trading partner
- (4) A person who is a major trading partner of the Group or an executive of a company which is a major trading partner of the Group
- (5) A person for whom the Group is a major lender or an executive of a company for which the Group is a major lender
- (6) Any attorney-at-law, certified public accountant, certified public tax accountant, consultant or other expert who receives monies or other economic benefits above a certain amount from the Group, in addition to his or her remuneration as a director
- (7) A person who belongs to a corporation or association such as audit corporation, tax accounting corporation, law firm or other entity which receives monies or other economic benefits above a certain amount from the Group
- (8) A person who receives a large amount of donations or subsidies from the Group, or an executive of a corporation or association which receives a large amount of donations or subsidies from the Group
- (9) A person who has fallen under one of the categories listed in items (1) through (8) above in the past five (5) years
- (10) If a person falling under one of the categories listed in items (1) through (8) above is an important person, that person’s spouse or relative within the second degree of kinship
- (11) A person who has been an executive of the Group in the past ten (10) years
- (12) The spouse or relative within the second degree of kinship of any person who is a director, executive officer (*shikkoyakuin*), manager or other important employee

- Notes:
1. The term “a major shareholder” refers to a person (or a company) who holds shares with 5% or more of the voting rights at the end of the latest fiscal year.
  2. The term “an executive” refers to an executive director, executive officer (*shikkoyaku*), manager or other employee.
  3. The term “a person (or a company) for whom/which the Group is a major trading partner” refers to a person (or a company) who has received payments from the Group amounting to 2% or more of the annual consolidated net sales of that person (or company) during the latest fiscal year, or ¥10 million, whichever is greater.
  4. The term “a person (or a company) who is a major trading partner of the Group” refers to a person (or a company) who has paid the Group 2% or more of the annual consolidated ordinary income of the Group during the latest fiscal year, or a person (or a company) with a deposit or credit balance of 1% or more of the Group’s consolidated total assets.
  5. The term “a person (or a company) for whom the Group is a major lender” refers to a person (or a company) with 50% or more of its loans repayable being loans from the Group, and with those loans repayable to the Group amounting to 10% or more of its consolidated total assets at the end of the latest fiscal year in the case of a corporation or more than ¥10 million (loans repayable by a person (or company) in the case of an individual).
  6. The term “a certain amount” refers to ¥10 million per year.
  7. The term “a large amount” refers to 2% or more of the total net sales of the corporation or association during the latest fiscal year, or ¥10 million, whichever is greater.
  8. The term “an important person” refers to a director, a corporate auditor, an accounting associate director, an executive officer (*shikkoyaku*) or an executive officer (*shikkoyakuin*).

**Proposal 5:** Determination of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the 88th Annual General Meeting of Shareholders held on June 25, 2008, the remuneration amount for the Bank's Directors was resolved to be not more than ¥20 million per month and it has been remained unchanged to the present. Subject to the approval and adoption of Proposal 2 "Partial amendments to the Articles of Incorporation," the Bank will make the transition to a company with audit and supervisory committee. For this reason, we would like to abolish the current provisions concerning the remuneration amount for Directors and amend the remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be not more than ¥220 million per year, of which the remuneration amount for Outside Directors is to be not more than ¥12 million per year, in consideration of various circumstances such as economic situation. In addition, the remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not include the portion of employee salaries of Directors concurrently serving as employees.

If Proposal 2 "Partial amendments to the Articles of Incorporation," and Proposal 3 "Election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)" are approved and adopted as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be nine (9) (including two (2) Outside Directors).

This proposal can only take effect on the condition that Proposal 2 "Partial amendments to the Articles of Incorporation" becomes effective.

**Proposal 6:** Determination of remuneration amount for Directors who are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal 2 "Partial amendments to the Articles of Incorporation," the Bank will make the transition to a company with audit and supervisory committee. Therefore, in consideration of the duties and responsibilities of Directors who are Audit and Supervisory Committee Members, the remuneration amount for Directors who are Audit and Supervisory Committee Members shall be not more than ¥60 million per year.

If Proposal 2 "Partial amendments to the Articles of Incorporation" and Proposal 4 "Election of four (4) Directors who are Audit and Supervisory Committee Members" are approved and adopted as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be four (4).

This proposal can only take effect on the condition that Proposal 2 "Partial amendments to the Articles of Incorporation" becomes effective.

**Proposal 7:** Determination of remuneration for granting restricted shares to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)

At the 88th Annual General Meeting of Shareholders held on June 25, 2008, the remuneration amount for the Bank's Directors was approved to be not more than ¥20 million per month (provided, however, that the portion of employee salaries of Directors concurrently serving as employees is excluded). If Proposal 5 "Determination of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)" and Proposal 6 "Determination of remuneration amount for Directors who are Audit and Supervisory Committee Members" are approved at this meeting, in line with the Bank's transition to a company with audit and supervisory committee, the remuneration amount for the Bank's Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be not more than ¥220 million per year, of which the remuneration amount for Outside Directors shall be not more than ¥12 million per year, and the remuneration amount for the Bank's Directors who are Audit and Supervisory Committee Members shall be not more than ¥60 million per year.

The Bank hereby proposes to newly provide remuneration for granting restricted shares to the Bank's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) ("Eligible Directors") in order to provide Eligible Directors an incentive to sustainably increase the Bank's corporate value and to further promote shared value between shareholders and Eligible Directors, within the maximum limit established separately from the above maximum remuneration amount, as part of revisions to its remuneration plan for Directors. The remuneration to be paid for granting restricted shares to the Eligible Directors based on this proposal shall be monetary claims (the "Monetary Remuneration Claims") and the total amount shall be not more than ¥20 million per year, as an amount considered appropriate, taking into consideration the above objectives. In addition, the specific timing for providing thereof and the allocation to each Eligible Director shall be decided at a meeting of the Board of Directors. However, the remuneration for granting restricted shares shall not be provided to Outside Directors and Directors who are Audit and Supervisory Committee Members.

The above remuneration amount does not include the portion of employee salaries of Directors concurrently serving as employees.

The number of Directors is currently eight (8) (including two (2) Outside Directors). If Proposal 3 "Election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)" is approved and adopted as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be nine (9) (including two (2) Outside Directors).

Eligible Directors shall pay all Monetary Remuneration Claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Bank, and shall, in return, receive common stock of the Bank that shall be issued or disposed of by the Bank. The total number of common stock of the Bank to be issued or disposed of thereby shall be not more than 25,000 shares per year (provided, however, that if a stock split (including a gratis allotment of common stock of the Bank) or stock consolidation is conducted in regard to the common stock of the Bank on or after the date this proposal is approved and adopted, or if other circumstances arise whereby an adjustment is necessary to the total number of common stock of the Bank to be issued or disposed of as restricted shares, then the total number of common stock shall be adjusted within a reasonable range).

The amount to be paid in per share shall be determined at a meeting of the Board of Directors based on the closing price of the Bank's common stock on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price of the closest preceding trading day), which will be within the extent not particularly advantageous to Eligible Directors who subscribe such common stock. In addition, for the issuance or disposal of the common stock of the Bank, an agreement on allotment of shares with transfer restrictions that includes provisions, as outlined below (the "Allotment Agreement"), shall be entered into between the Bank and each Eligible Director.

(1) Transfer restriction period

An Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the common stock of the Bank allotted under the Allotment Agreement (the "Allotted Shares") for the period from the allocation date until the time immediately after the Eligible Director retires from the position predetermined by the Board of Directors (the "Transfer Restriction Period"). The restriction described in the preceding sentence will hereinafter be referred to as the "Restriction."

(2) Lifting of the Restriction

Notwithstanding the provision of (1) above, the Bank shall lift the Restriction of all of the Allotted Shares upon expiration of the Transfer Restriction Period on the condition that the Eligible Director has remained in the position specified in the provision of (1) above throughout the period from the start date of the Transfer Restriction Period to the time immediately prior to the closing of the first annual general meeting of shareholders occurring after the start date. However, if the Eligible Director retires from the position specified in the provision of (1) above before the expiration of the Transfer Restriction Period due to death or other justifiable reason, the Bank shall rationally adjust the number of the Allotted Shares on which the Restriction is to be lifted, and the timing of lifting as needed. In addition, the Bank shall automatically acquire without contribution the Allotted Shares on which the Restriction has not been lifted as of the time immediately after the Restriction was lifted in accordance with the provisions above.

(3) Treatment on retirement from the position due to a reason other than a justifiable reason

Notwithstanding the provision of (2) above, the Bank shall automatically acquire without contribution all of the Allotted Shares, on the condition that an Eligible Director retires from the position specified in the provision of (1) above during the Transfer Restriction Period due to a reason other than a justifiable reason.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Bank is the disappearing company, a stock exchange agreement or stock transfer plan in which the Bank becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Bank's general meeting of shareholders (or at a meeting of its Board of Directors in cases where approval at the Bank's general meeting of shareholders is not required in relation to the reorganization, etc.), the Bank shall lift the Restriction on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Transfer Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Bank. In cases specified above, the Bank shall automatically acquire without contribution the Allotted Shares on which the Restriction has not been lifted as of the time immediately after the Restriction was lifted.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Bank's Board of Directors.

This proposal can only take effect on the condition that the amendments to the Articles of Incorporation relating to Proposal 2 "Partial amendments to the Articles of Incorporation" become effective.