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[Translation]

(Stock Exchange Code 7327)  
May 29, 2020

**To Shareholders with Voting Rights:**

Fujio Namiki  
President and Representative Director  
Daishi Hokuetsu Financial Group, Inc.  
2-14 Otedori 2-chome, Nagaoka, Niigata, Japan

## NOTICE OF CONVOCATION OF THE 2ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are hereby notified that the 2nd Annual General Meeting of Shareholders of Daishi Hokuetsu Financial Group, Inc. (the “Company”) will be held for the purposes described below.

Recently, as in the Japanese Government’s declaration of state of emergency and Niigata Prefecture’s state of emergency measures, the government and prefectural governors have been strongly calling on citizens to refrain from going outside in order to prevent the spread of novel coronavirus (COVID-19) infections. In response to the situation, we have decided, upon careful consideration, to hold the meeting with appropriate preventative measures in place. We would appreciate your understanding that the number of seats available will be substantially reduced accordingly.

For the meeting, we would like you to exercise your voting rights in advance in writing or via the Internet, etc. as much as possible. Given that requests have been made to refrain from going outside, it is strongly recommended from the viewpoint of preventing the infection that you refrain from coming to the meeting on the day regardless of health conditions.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights **by 5:10 p.m. on Tuesday, June 23, 2020, Japan time.**

- 1. Date and Time:** Wednesday, June 24, 2020, at 10 a.m. Japan time  
(The reception begins at 9 a.m.)
- 2. Place:** Daishi Hall on the second floor of The Daishi Bank, Ltd.’s head office located at 1071-1, Higashiborimae-dori, 7-bancho, Chuo-ku, Niigata, Japan  
(Please refer to the “Location of General Meeting of Shareholders” attached at the end of this document (Japanese version only).

### 3. Agenda:

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the Company's 2nd Fiscal Year (April 1, 2019-March 31, 2020) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
2. The Non-consolidated Financial Statements for the Company's 2nd Fiscal Year (April 1, 2019-March 31, 2020)

#### Proposals to be resolved:

- Proposal 1:** Election of Eight (8) Directors Not Serving as Audit & Supervisory Committee Members
- Proposal 2:** Election of Five (5) Directors Serving as Audit & Supervisory Committee Members

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- For further details on measures to prevent the infection of COVID-19, please refer to the attached document "Requests to Prevent Spread of COVID-19 Infection." (The details will be posted on the Company's website (<https://www.dhfg.co.jp/>)). Any changes to operations of the meeting will be updated on the website.

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

(1) Methods for the exercise of voting rights

You can exercise your voting rights by three methods: attending the meeting in person, mailing the Voting Rights Exercise Form or via the Internet, etc. For details, please see page 5~8.

(2) Handling of duplicate votes

If you have exercised your voting rights both by the Voting Rights Exercise Form and via the Internet, etc., the vote exercised via the Internet shall be deemed effective.

If you have exercised your voting rights more than once via the Internet, etc., only the last vote shall be deemed effective.

(3) Handling of diverse exercise

If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the General Meeting of Shareholders.

(4) Exercise of voting rights by proxy

If you are unable to attend the meeting, you may exercise your voting rights by proxy. Such proxy must be a shareholder of the Company who holds voting rights and will be required to submit a document certifying the authority as proxy.

(5) Disclosure via the Internet

Among the documents to be attached to this notice of convocation, the information listed in 1) to 3) below is disclosed on our website (<https://www.dhfg.co.jp/>) and not included in the attached documents, pursuant to the relevant laws and regulations and the provision of Article 15 of the Company's Articles of Incorporation.

- 1) "Note Concerning Share Options, etc.," "Corporate Structure to Ensure Appropriate Business Operations," "Matters concerning Specified Wholly-Owned Subsidiaries," "Matters concerning Dealings with Parent Company, etc.," and "Matters concerning Accounting Advisor" in the Business Report
- 2) Consolidated Statement of Shareholders' Equity and Notes to the Consolidated Financial Statements
- 3) Non-consolidated Statement of Shareholders' Equity and Notes to the Non-consolidated Financial Statements

The Business Report and the Non-consolidated and Consolidated Financial Statements that were audited by the Audit & Supervisory Committee include the above 1) to 3) provided on our website, as well as those attached to this notice of convocation. The Non-consolidated and Consolidated Financial Statements that were audited by the Accounting Auditors include the above 2) and 3) provided on our website, as well as those attached to this notice of convocation.

End

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- Should any amendments be made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements, they will be posted on the Company's website (<https://www.dhfg.co.jp/>).
  - Matters disclosed via the Internet are available in a printed version (Japanese only). If you wish to receive the documents by mail, please call the head office at 025-224-7111.  
These documents are also available at the reception desk on the day of the meeting, so please let us know if you need the documents.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Documents

#### **Proposal 1:** Election of Eight (8) Directors Not Serving as Audit & Supervisory Committee Members

The term of office of all of the eight (8) current Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter the same applies within this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect eight (8) Directors.

The Company has established the Nomination and Remuneration Committee to enhance corporate governance by ensuring the opportunity to receive appropriate involvement and advice from Outside Directors on important matters such as the election and dismissal of Directors, and thereby reinforce fairness, transparency, and objectivity (the Committee is an advisory body to the Board of Directors composed of six (6) members: four (4) Outside Directors and two (2) Representative Directors). The appointment of the candidates for Director was decided based on the deliberations and findings of this Committee.

Although this proposal was discussed by the Audit & Supervisory Committee, there were no special matters to note.

The candidates for Director are as follows:

No.	Name		Current position in the Company	Attendance at Meetings of the Board of Directors
1	Katsuya Sato	Renomination	Chairman and Representative Director	12/12 (100%)
2	Fujio Namiki	Renomination	President and Representative Director	12/12 (100%)
3	Satoshi Hasegawa	Renomination	Director	12/12 (100%)
4	Kazuyoshi Hirokawa	Renomination	Director	12/12 (100%)
5	Takuya Watanabe	Renomination	Director	12/12 (100%)
6	Makoto Takahashi	Renomination	Director	12/12 (100%)
7	Michiro Ueguri	Renomination	Director	12/12 (100%)
8	Ken Shibata	New nomination	General Manager, Business Planning Division	-

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
1	Katsuya Sato (July 8, 1955)  <u>Renomination</u>	April 1978      Joined The Hokuetsu Bank, Ltd. April 2001      General Manager, Koyo Branch April 2003      Deputy General Manager, Planning Division April 2006      General Manager, Aramachi Branch, General Manager, Nagaoka-kita Branch June 2008      General Manager, Human Resources Division April 2010      General Manager, Loan Division June 2012      Director and General Manager, Loan Division June 2013      Managing Director in charge of Operation Supervision Division/Market and Capital Division April 2014      Managing Director in charge of Operation Supervision Division/Operation Support Division/Market and Capital Division June 2015      Senior Managing Director in charge of Niigata Office July 2016      Senior Managing Director in charge of General Planning Division/Human Resources Division/Secretarial Office/Tokyo Office, Supervision of affiliates June 2017      President and CEO (current position) October 2018   Chairman and Representative Director, Supervision, the Company (current position)	4,400
<p>[Reason for nomination as Director]            Since he assumed the office of Director of The Hokuetsu Bank, Ltd. in June 2012, Mr. Katsuya Sato has supervised the divisions of loan, operation, securities operation, business planning, and human resources, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the bank's Representative Director in June 2015, President and CEO in June 2017, and the Company's Chairman and Representative Director since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.</p>			
<p>[Significant concurrent positions]            President and CEO (Representative Director), The Hokuetsu Bank, Ltd.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
2	Fujio Namiki (June 20, 1951)  <u>Renomination</u>	April 1975      Joined The Daishi Bank, Ltd. August 1998    General Manager, Kashiwazaki Minami Office February 2000   General Manager, Business Development Division February 2002   General Manager, Tsubame Office June 2004        General Manager, Sanjo Office and General Manager, Sanjo Minami Office June 2005        Director, General Manager, Sanjo Office June 2006        Director stationed in Joetsu/General Manager, Takada Office April 2007       Director and Executive Officer stationed in Joetsu/General Manager, Takada Office April 2008       Managing Director, General Manager in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office June 2009        Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office July 2009        Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division June 2010        Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division June 2011        Senior Managing Director in charge of Planning Coordination Division/Credit Supervision Division/Loan Examination Division/Loan Administration Division/Tokyo Representative Office June 2012        President, Chairman of Board of Directors in charge of Supervision/Secretariat October 2018    President and Representative Director, Chairman of Board of Directors, Supervision, the Company (current position) February 2019   President, Chairman of Board of Directors in charge of Supervision/Secretariat/Audit and Inspection Division, The Daishi Bank, Ltd. (current position)	6,500
<p>[Reason for nomination as Director]            Since he assumed the office of Director of The Daishi Bank, Ltd. in June 2005, Mr. Fujio Namiki has supervised the divisions of business promotion, credit/loans, and management planning, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the bank's Representative Director in June 2011, President in June 2012, and the Company's President and Representative Director since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.</p>			
<p>[Significant concurrent positions]            President (Representative Director), The Daishi Bank, Ltd.            Outside Director, HOKURIKU GAS CO., LTD.            Outside Director, Broadcasting System of Niigata Inc.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
3	Satoshi Hasegawa (July 7, 1953)  <u>Renomination</u>	<p>April 1977      Joined The Daishi Bank, Ltd.</p> <p>February 1998    General Manager, Shibata Nishi Office</p> <p>February 2000    Acting General Manager, Business Development Division</p> <p>June 2002        General Manager, Itoigawa Office</p> <p>June 2004        General Manager, Kameda Office</p> <p>June 2005        General Manager, Nagaoka Office</p> <p>April 2007        Executive Officer and General Manager, Sanjo Office</p> <p>April 2008        Executive Officer, General Manager, Head Office Business Division, and Manager, Niigata Airport Sub-office</p> <p>June 2008        Director and Executive Officer, General Manager, Head Office Business Division and Manager, Niigata Airport Sub-office</p> <p>June 2011        Managing Director, Head of Nagaoka Area in charge of General Affairs Division</p> <p>June 2012        Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division</p> <p>June 2015        Senior Managing Director in charge of Planning Coordination Division/Personnel Division/Tokyo Representative Office</p> <p>April 2017        Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Personnel Division/Tokyo Representative Office</p> <p>June 2017        Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Tokyo Representative Office</p> <p>June 2018        Deputy President in charge of Audit and Inspection Division/Risk Supervision Division/Loan Examination Division</p> <p>October 2018     Director in charge of Risk Management Division, the Company (current position)</p> <p>February 2019    Deputy President in charge of Risk Supervision Division/Loan Examination Division, The Daishi Bank, Ltd. (current position)</p>	3,300
<p>[Reason for nomination as Director]  Since he assumed the office of Director of The Daishi Bank, Ltd. in June 2008, Mr. Satoshi Hasegawa has supervised the divisions of general affairs, credit/loans, management planning, personnel affairs, and risk management, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the bank's Representative Director in June 2015 and the Company's Director since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.</p>			
<p>[Significant concurrent positions]  Deputy President (Representative Director), The Daishi Bank, Ltd.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
4	Kazuyoshi Hirokawa (August 19, 1961)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">Renomination</div>	April 1985    Joined The Hokuetsu Bank, Ltd. July 2008    Deputy General Manager, Human Resources Division July 2010    General Manager, Miyauchi Branch June 2012    General Manager, Operation Supervision Division June 2015    Director and General Manager, General Planning Division June 2017    Senior Managing Director in charge of General Planning Division/Human Resources Division/Secretarial Office/Tokyo Office, Supervision of affiliated companies June 2018    Senior Managing Director in charge of Human Resources Division/Secretarial Office/Tokyo Office October 2018    Director in charge of Personnel Planning Division, the Company (current position) April 2019    Senior Managing Director in charge of Risk Control Division/Human Resources Division/Secretarial Office/Tokyo Office, The Hokuetsu Bank, Ltd. (current position)	2,500
<p>[Reason for nomination as Director]            Mr. Kazuyoshi Hirokawa assumed the office of The Hokuetsu Bank, Ltd.'s Director in June 2015 and has supervised the divisions of business planning, human resources and risk management, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the bank's Representative Director in June 2017, and the Company's Director since its establishment in October 2018, he has appropriately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.</p>			
<p>[Significant concurrent positions]            Senior Managing Director (Representative Director), The Hokuetsu Bank, Ltd.</p>			



No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
5	<p style="text-align: center;">Takuya Watanabe (September 7, 1956)</p> <p style="text-align: center;"><u>Renomination</u></p>	<p>April 1980      Joined The Daishi Bank, Ltd.</p> <p>February 2002    General Manager, Horinouchi Office</p> <p>June 2003        Acting General Manager, Planning Coordination Division</p> <p>June 2006        Personnel Officer</p> <p>April 2008        General Manager, Treasury and Capital Markets Division</p> <p>June 2010        Executive Officer, General Manager, Treasury and Capital Markets Division</p> <p>June 2014        Managing Director in charge of Treasury and Capital Markets Division and International Division/General Affairs Division</p> <p>June 2016        Managing Director in charge of Treasury and Capital Markets Division and International Division</p> <p>March 2017       Managing Director in charge of Treasury and Capital Markets Division</p> <p>June 2018        Senior Managing Director, General Manager, Business and Regional Revitalization Headquarters, in charge of Business Promotion Division/Consulting Promotion Division</p> <p>October 2018     Director in charge of Business Planning Division, the Company (current position)</p> <p>February 2019    Senior Managing Director, General Manager, Business and Regional Revitalization Headquarters, in charge of Business Promotion Division/Consulting Promotion Division/Treasury and Capital Markets Division, The Daishi Bank, Ltd.</p> <p>June 2019        Senior Managing Director, General Manager, Regional Revitalization Headquarters, in charge of Business Headquarters and Treasury and Capital Markets Division, The Daishi Bank, Ltd. (current position)</p>	3,200
<p>[Reason for nomination as Director] Mr. Takuya Watanabe assumed the office of The Daishi Bank, Ltd.'s Director in June 2014 and has supervised the divisions of securities operation, international business, general affairs, and business promotion, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the bank's Representative Director in June 2018, and the Company's Director since its establishment in October 2018, he has appropriately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.</p>			
<p>[Significant concurrent positions] Senior Managing Director (Representative Director), The Daishi Bank, Ltd.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
6	Makoto Takahashi (February 23, 1962)  <u>Renomination</u>	April 1985 July 2008 July 2009 June 2011  July 2012 June 2013 June 2015 June 2017 June 2018 October 2018 April 2019	Joined The Hokuetsu Bank, Ltd. Senior Manager, General Planning Division General Manager, Gosen Branch Deputy General Manager and Business Promotion Manager, Business Supervision Division Senior Manager, Loan Division General Manager, Loan Division General Manager, Business Supervision Division Director, General Manager, General Planning Division Managing Director, General Manager, General Planning Division, Supervision of affiliates Director in charge of Consolidation Promotion Division, the Company (current position) Managing Director in charge of General Planning Division/Consolidation Promotion Division, Supervision of affiliates, The Hokuetsu Bank, Ltd. (current position)	2,050
[Reason for nomination as Director] Since he assumed the office of The Hokuetsu Bank, Ltd.'s Director in June 2017, Mr. Makoto Takahashi has supervised the divisions of management planning and consolidation promotion, and since the establishment of the Company in October 2018, he has served as Director and has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.				
[Significant concurrent positions] Managing Director, The Hokuetsu Bank, Ltd.				

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
7	Michiro Ueguri (December 24, 1962)  <u>Renomination</u>	April 1986 April 2008  June 2009 June 2012 June 2015 June 2016 April 2017 June 2017 June 2018  October 2018 June 2019	Joined The Daishi Bank, Ltd. General Manager, Kashiwazaki Minami Office Acting General Manager, Planning Coordination Division General Manager, Planning Coordination Division General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office Executive Officer, General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office Executive Officer and General Manager, Group Strategy Planning Division Director, Executive Officer and General Manager, Group Strategy Planning Division Managing Director in charge of Planning Coordination Division/Tokyo Representative Office Director in charge of Corporate Planning Division, the Company (current position) Managing Director in charge of Planning Coordination Division/Tokyo Representative Office/General Affairs Division/Human Resources Division, The Daishi Bank, Ltd. (current position)	1,800
[Reason for nomination as Director] Since he assumed the office of The Daishi Bank, Ltd.'s Director in June 2017, Mr. Michiro Ueguri has supervised the divisions of management planning, general affairs and human resources, and since its establishment in October 2018, he has served as Director of the Company. He has adequately fulfilled his duties and responsibilities, and he has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of our Group.				
[Significant concurrent positions] Managing Director, The Daishi Bank, Ltd.				

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
8	Ken Shibata (January 19, 1967) <span style="border: 1px solid black; padding: 2px;">New nomination</span>	April 1989      Joined The Daishi Bank, Ltd. February 2011    General Manager, Tsubame Minami Office June 2012        Acting General Manager, Planning Coordination Division June 2015        General Manager, Planning Coordination Division June 2018        Director and Executive Officer, General Manager, Planning Coordination Division (current position) October 2018    General Manager, Business Planning Division, the Company (current position)	1,200
	<p>[Reason for nomination as Director]            Mr. Ken Shibata assumed the office of The Daishi Bank, Ltd.'s General Manager of the Planning Coordination Division in June 2015 and Director in June 2018, and since its establishment in October 2018, he has served as General Manager of the Business Planning Division of the Company. He has adequately fulfilled his duties and responsibilities, and he has therefore been nominated as Director in the judgment that he will be able to contribute to the management of our Group.</p>		
	<p>[Significant concurrent positions]            Director and Executive Officer, General Manager, Planning Coordination Division, The Daishi Bank, Ltd.</p>		

Notes: There is no special interest between each candidate for Director and the Company.

**Proposal 2: Election of Five (5) Directors Serving as Audit & Supervisory Committee Members**

The term of office of all of the five (5) current Directors serving as Audit & Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect five (5) Directors serving as Audit & Supervisory Committee Members.

The Company has established the Nomination and Remuneration Committee to enhance corporate governance by ensuring the opportunity to receive appropriate involvement and advice from Outside Directors on important matters such as the election and dismissal of Directors, and thereby reinforce fairness, transparency, and objectivity (the Committee is an advisory body to the Board of Directors composed of six (6) members: four (4) Outside Directors and two (2) Representative Directors). The appointment of the candidates for Director was decided based on the deliberations and findings of this Committee.

This proposal has been approved by the Audit & Supervisory Committee.

The candidates for Director serving as Audit & Supervisory Committee Members are as follows:

No.	Name		Current position in the Company	Attendance at Meetings of the Board of Directors
1	Yutaka Kimura	New Nomination	General Manager, Risk Management Division	-
2	Koichi Masuda	Renomination	Director (Audit & Supervisory Committee Member) (Outside Director)	11/12 (91%)
3	Hiroshi Fukuhara	Renomination	Director (Audit & Supervisory Committee Member) (Outside Director)	12/12 (100%)
4	Toshizo Oda	Renomination	Director (Audit & Supervisory Committee Member) (Outside Director)	11/12 (91%)
5	Kazuaki Matsumoto	Renomination	Director (Audit & Supervisory Committee Member) (Outside Director)	12/12 (100%)

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
1	Yutaka Kimura (June 5, 1963) <u>New nomination</u>	April 1986      Joined The Daishi Bank, Ltd.	0
		February 2009    General Manager, Kodo Office	
		February 2011    General Manager, Maki Office	
		February 2013    General Manager, Murakami Office	
		February 2015    General Manager, Management Supervision Division	
		March 2017      General Manager, Risk Supervision Division (current position)	
		October 2018    General Manager, Risk Management Division, the Company (current position)	
		[Reason for nomination as Director] After serving as General Manager at multiple offices of The Daishi Bank Ltd., Mr. Yutaka Kimura assumed the office of General Manager of Management Supervision Division and Risk Supervision Division, thereby accumulating considerable experience and broad knowledge in risk management and compliance. Having assumed the office of the Company's General Manager of the Risk Management Division since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director serving as Audit & Supervisory Committee Member in the judgment that he will be able to contribute to the enhancement of the effectiveness of our Group's auditing function as well as decision-making and supervisory functions of its Board of Directors.	
		[Significant concurrent positions] None * Mr. Yutaka Kimura is scheduled to retire from the Company's subsidiary The Daishi Bank, Ltd. on June 23, 2020.	

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
2	Koichi Masuda (January 23, 1944)  <u>Renomination</u>  <u>Independent</u>	November 1969 Registered as a Certified Public Accountant September 1978 Partner, Shinwa Audit Corporation July 1992 Representative Partner, Asahi Shinwa Audit Corporation (currently KPMG AZSA LLC) July 2007 Chairman and President, The Japanese Institute of Certified Public Accountants October 2009 Auditor, Enterprise Turnaround Initiative Corporation of Japan (currently Regional Economy Vitalization Corporation of Japan (REVIC)) July 2010 Advisor, The Japanese Institute of Certified Public Accountants (current position) June 2011 Outside Corporate Auditor, The Daishi Bank, Ltd. June 2012 Outside Audit & Supervisory Board Member, Sumitomo Riko Company Limited (current position) June 2016 Outside Director (Audit and Supervisory Committee Member), The Daishi Bank, Ltd. October 2016 Outside Director (Audit and Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (current position) October 2018 Outside Director (Audit & Supervisory Committee Member), the Company (current position)	200
[Reason for nomination as Outside Director]			
<p>Mr. Koichi Masuda assumed the office of Outside Corporate Auditor of The Daishi Bank, Ltd. in June 2011 and Outside Director (Audit and Supervisory Committee Member) in June 2016. Since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities as Outside Director serving as Audit &amp; Supervisory Committee Member of the Company by utilizing his expertise in financial and accounting matters as a certified public accountant. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of our Group's auditing function as well as decision-making and supervisory functions of its Board of Directors.</p> <p>For this reason, although he has never been directly involved in corporate management other than as an outside officer, Mr. Koichi Masuda has been judged to continue to adequately fulfill his duties as Outside Director.</p>			
[Significant concurrent positions]			
<p>Outside Director (Audit and Supervisory Committee Member), Dai-ichi Life Holdings, Inc.            * Mr. Koichi Masuda is scheduled to retire from Outside Audit &amp; Supervisory Board Member of Sumitomo Riko Company Limited on June 18, 2020.</p>			
[Independence]			
<p>Mr. Koichi Masuda was once employed by KPMG AZSA LLC, which is responsible for the audit of the Company but resigned therefrom in 2007. Additionally, he holds shares of the Company but satisfies the "independence criteria" (please refer to &lt;Reference&gt; on Page 20) prescribed by the Company.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
	Hiroshi Fukuhara (January 1, 1946)  <input type="checkbox"/> Renomination  <input type="checkbox"/> Independent	April 1975  April 1978  June 2005  June 2007  June 2012  July 2012  June 2014 October 2018	Registered as an attorney (Member of Tokyo Bar Association) Established law office Head of Toranomom College Law Office Outside Corporate Auditor, MARUSHO CO., LTD. (currently MARUSHO HOTTA CO., LTD.) Outside Corporate Auditor, Yamano Holdings Corporation (current position) Outside Corporate Auditor, The Hokuetsu Bank, Ltd. Outside Corporate Auditor, SYSTEM INFORMATION CO., LTD. Outside Director, The Hokuetsu Bank, Ltd. Outside Director (Audit & Supervisory Committee Member), the Company (current position)	2,050
3	<p>[Reason for nomination as Outside Director]            Mr. Hiroshi Fukuhara assumed the office of Outside Corporate Auditor of The Hokuetsu Bank, Ltd. in June 2012 and Outside Director in June 2014. Since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities as Outside Director serving as Audit &amp; Supervisory Committee Member of the Company by utilizing his expertise in law as an attorney. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of our Group's auditing function as well as decision-making and supervisory functions of its Board of Directors.            For this reason, although he has never been directly involved in corporate management other than as an outside officer, Mr. Hiroshi Fukuhara has been judged to continue to adequately fulfill his duties as Outside Director.</p> <p>[Significant concurrent positions]            Outside Corporate Auditor, Yamano Holdings Corporation</p> <p>[Independence]            The Group companies have no business relationship with Toranomom Courage law office, for which Mr. Hiroshi Fukuhara serves.            He carries out normal banking transactions with Group companies and also holds shares of the Company, but satisfies the "independence criteria" (please refer to &lt;Reference&gt; on Page 20) prescribed by the Company.</p>			



No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
	Toshizo Oda (June 8, 1950)  <input type="checkbox"/> Renomination  <input type="checkbox"/> Independent	April 1974  March 2008 March 2010 March 2013 March 2014  June 2014  June 2015  June 2016  October 2018	Joined The Niigata Nippo Co., Ltd. (“Niigata Nippo”) Director, Niigata Nippo Managing Director, Niigata Nippo Senior Managing Director, Niigata Nippo Representative Director and President, Niigata Nippo (current position) Outside Director, Broadcasting System of Niigata Inc. (current position) Outside Corporate Auditor, The Daishi Bank, Ltd. Outside Director (Audit and Supervisory Committee Member), The Daishi Bank, Ltd. Outside Director (Audit & Supervisory Committee Member), the Company (current position)	1,000
4	<p>[Reason for nomination as Outside Director]            Mr. Toshizo Oda assumed the office of Outside Corporate Auditor of The Daishi Bank, Ltd. in June 2015 and Outside Director serving as Audit and Supervisory Committee Member in June 2016. Since its establishment in October 2018, he has adequately fulfilled his duties and responsibilities as Outside Director serving as Audit &amp; Supervisory Committee Member of the Company by utilizing his ample experience and broad knowledge as a manager of a news medium of highly public and ethical nature. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of our Group’s auditing function as well as decision-making and supervisory functions of its Board of Directors.</p> <p>[Significant concurrent positions]            Representative Director and President, The Niigata Nippo Co., Ltd.            Outside Director, Broadcasting System of Niigata Inc.</p> <p>[Independence]            Mr. Toshizo Oda serves as Representative Director of The Niigata Nippo Co., Ltd. and carries out normal banking transactions with Group companies. He also holds shares of the Company but satisfies the “independence criteria” (please refer to &lt;Reference&gt; on Page 20) prescribed by the Company.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
5	Kazuaki Matsumoto (November 4, 1970)  <u>Renomination</u>  <u>Independent</u>	April 1999  April 2005  April 2006  April 2007  April 2011  April 2012  April 2015  April 2016  April 2017  October 2018  April 2019	Full-time Lecturer, Department of Management and Information, Nagaoka Junior College  Assistant Professor, Department of Industry and Management, Faculty of Industry and Management, Nagaoka University  Part-time Lecturer, National Institute of Technology, Nagaoka College  Associate Professor, Department of Management, Faculty of Economy and Management, Nagaoka University  Part-time Lecturer, Graduate School of Business Administration, Meiji University (current position)  Professor, Department of Management, Faculty of Economy and Management, Nagaoka University  Part-time Lecturer, School of Engineering, Nagaoka University of Technology  Part-time Lecturer, Faculty of International Studies, Niigata University of International and Information Studies  Professor, Department of Economy and Management, Faculty of Economy and Management, Nagaoka University  Outside Director (Audit & Supervisory Committee Member), the Company (current position)  Professor, Department of Management, Faculty of Business Administration, Kyoto Sangyo University (current position)	0
[Reason for nomination as Outside Director]				
Since its establishment in October 2018, Mr. Kazuaki Matsumoto has adequately fulfilled his duties and responsibilities as Outside Director serving as Audit & Supervisory Committee Member of the Company by utilizing a wide range of knowledge and expertise in the study of economy and management as a university professor. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of our Group's auditing function as well as decision-making and supervisory functions of the Board of Directors.				
For this reason, although he has never been directly involved in corporate management other than as an outside officer, Mr. Kazuaki Matsumoto has been judged to continue to adequately fulfill his duties as Outside Director.				
[Significant concurrent positions]				
Professor, Department of Management, Faculty of Business Administration, Kyoto Sangyo University				
[Independence]				
Mr. Kazuaki Matsumoto teaches as a professor at Faculty of Business Administration of Kyoto Sangyo University, but the university has no business relationship with the Group companies. He carries out normal banking transactions with Group companies but satisfies the "independence criteria" (please refer to <Reference> on Page 20) prescribed by the Company.				

Notes:

1. There is no special interest between each candidate for Director serving as Audit & Supervisory Committee Members and the Company.
2. Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto are candidates for Outside Director.
3. The Company has entered into a limited liability agreement pursuant to Article 423, Paragraph 1 of the Companies Act with Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto. The maximum amount of liability in accordance with said agreement shall be the minimum amount of liability stipulated in Article 425, Paragraph 1 of said Act. If the renomination of the four candidates is approved, the Company plans to continue the above limited liability agreement with each of them.
4. The Company has designated Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto as independent directors in accordance with the regulations of the Tokyo Stock Exchange Inc., and notified the exchange to that effect.
5. The terms of office of Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto as Outside Director serving as Audit & Supervisory Committee Members of the Company will have been one (1) year and nine (9) months at the closing of this Annual General Meeting of Shareholders.

End

<Reference>

In addition to fulfilling the independence criteria established by the Tokyo Stock Exchange Inc. on the appointment of outside directors, the candidates must also satisfy the following “independence criteria.”

<Independence Criteria>

As a general rule, candidates for outside directors must not currently or recently<sup>\*1</sup> qualify in any of the following requirements listed below.

- (1) Major<sup>\*2</sup> customers of the Group or the executive officer of such customers;
- (2) Business operators whose major<sup>\*2</sup> customer is the Group, or the executive officer of such business operators;
- (3) Those who are either consultants, financial experts or legal experts who receive large monetary sums<sup>\*3</sup> or other assets from the Group other than a director’s compensation (where the entity in receipt of such assets are legal entities or any other associations, those who are affiliated to such entities are also included);
- (4) Those who are in receipt of large sum<sup>\*3</sup> of donations from the Group or is the executive officer of such entities;
- (5) Major shareholder<sup>\*4</sup> of the Group or executive officer of such shareholders; and
- (6) Relatives<sup>\*5</sup> of the following (excluding those who are considered to be not important<sup>\*6</sup>)
  - A. Those who qualify under (1) to (5) above;
  - B. A director of the Group who is not an executive officer or an executive officer of a subsidiary.

Definitions:

\*1 “recent” means a situation that can substantially mean current where, for instance, it would apply in the event of approving the resolutions at the Annual General Meeting of Shareholders where a new outside director was appointed.

\*2 “major” means recording more than 1% of the consolidated net proceeds (in the case of the Group, consolidated gross profits) of the most recent fiscal year.

\*3 “large sum” means more than 10 million yen per year for the average of the previous three years.

\*4 “major shareholders” means a shareholding equity of more than 10%.

\*5 “relatives” mean an individual’s spouse and relatives within a second degree of kinship.

\*6 “those who are considered to be not important” means those who do not hold positions as directors or general managers of a company, and for individuals whose affiliations are with accounting or law firms, those individuals who are not qualified as accountants or lawyers.