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Securities code: 8524

June 1, 2017

To our shareholders:

Junji Ishii
Director and President
North Pacific Bank, Ltd.
7, Odori Nishi 3-chome, Chuo-ku, Sapporo, Hokkaido

NOTICE OF THE 161ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 161st Ordinary General Meeting of Shareholders of North Pacific Bank, Ltd. (the "Bank"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or electromagnetic means. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

- 1. Date and Time:** Tuesday, June 27, 2017 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Banquet room "Hou-ou (鳳凰),"
2nd floor, Hotel Sapporo Garden Palace
3-1, Kita 1-jyo Nishi 6-chome, Chuo-ku, Sapporo, Hokkaido, Japan

3. Purposes:

Items to be reported:

1. Business Report and Non-Consolidated Financial Statements for the 161st Term (from April 1, 2016 to March 31, 2017)
2. Consolidated Financial Statements for the 161st Term (from April 1, 2016 to March 31, 2017) and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Items to be resolved:

- Proposal 1:** Appropriation of surplus
Proposal 2: Election of thirteen (13) Directors
Proposal 3: Election of two (2) Audit & Supervisory Board Members

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of surplus

The Bank's basic policy is to provide a comprehensive return of profits to shareholders through stable dividends and performance-linked dividend system taking into consideration such factors as trends in the capital adequacy ratio and performance and changes in the business environment from the perspective of ensuring sound management in view of the public nature of the banking business.

Under this policy, the year-end dividend from surplus for the fiscal year ended March 2017 is proposed as follows, according to the Bank's performance-linked dividend system and taking into account the Bank's having secured adequate income due to an increase in interest and dividends on securities, and the decrease in credit costs.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof to shareholders
6.0 yen per common share of the Bank
Total amount of dividends: 2,393,450,760 yen
- (3) Effective date of distribution of dividends of surplus
Common share of the Bank: June 28, 2017

As a result, the annual dividend for the fiscal year ended March 31, 2017 will increase by 0.5 yen from the amount projected on May 12, 2016 to 11.0 yen per common share including the interim dividend of 5.0 yen per common share.

Of this year-end dividend of surplus of 6.0 yen per common share, 1.0 yen is a performance-linked dividend per the Bank's performance-linked dividend system.

(Reference) The Bank's performance-linked dividend system

Ordinary dividend:

We intend to pay 10 yen per common share in order to be able to pay stable dividends.

Performance-linked dividend:

For the part related to performance, when the profit attributable to shareholders of parent for the entire fiscal year is more than 15 billion yen, we intend to aim for a payment of 30% of the amount over 15 billion yen.

Proposal 2: Election of thirteen (13) Directors

The term of office for the current thirteen (13) Directors will expire at the conclusion of the 161st Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes that thirteen (13) Directors be elected.

Although, Hirokimi Ito stepped down from being a Director due to his resignation on March 31, 2017, the Bank proposes election of thirteen (13) Directors without filling the vacancy to improve agility of operations in the Board of Directors.

The candidates for Directors are as follows:

No.	Name	Position in the Bank	Responsibility	Attribute
1	Ryuzo Yokouchi	Director and Chairman (Representative Director)	Overall Management of CSR	[Reelection]
2	Junji Ishii	Director and President (Representative Director)	In charge of General Secretariat	[Reelection]
3	Ryu Shibata	Director and Deputy President (Representative Director)	In charge of Personnel Department In charge of Risk Management Department	[Reelection]
4	Toshitaka Sakoda	Managing Director	In charge of Legal Compliance Department In charge of Public and Financial Institutions Department In charge of Treasury & Markets Department	[Reelection]
5	Iwao Takeuchi	Managing Director	In charge of Corporate Solutions Department In charge of Loan Administration Department I In charge of Loan Administration Department II	[Reelection]
6	Minoru Nagano	Managing Director	Head Office Manager	[Reelection]
7	Mitsuharu Yasuda	Managing Director	In charge of Business Strategy Department In charge of Banking Strategy Department In charge of Banking Support Department	[Reelection]
8	Katsunori Matsushita	Director	In charge of Retail Consulting Strategy Department In charge of Retail Consulting Support Department In charge of Local Industry Support Department	[Reelection]
9	Hideki Fujiike	Managing Executive Officer	Branch Manager, Asahikawa-Chuo Branch	[New election]
10	Satoshi Fukase	Managing Executive Officer	General Manager, Personnel Department	[New election]
11	Mikako Hayashi	External Director	–	[Reelection] [External] [Independent]
12	Rieko Ubagai	External Director	–	[Reelection] [External] [Independent]
13	Kazuaki Shimamoto	External Director	–	[Reelection] [External] [Independent]

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
1	Ryuzo Yokouchi (date of birth: July 7, 1944) [Reelection]	Apr. 1967 Joined Bank of Japan. Dec. 1994 Director-General, Information System Services Department, Bank of Japan Mar. 1996 Director-General, Personnel Department, Bank of Japan Oct. 2000 Registered as a lawyer, Daiichi Tokyo Bar Association. Joined Tanabe & Partners. June 2003 Corporate Auditor (External), Sapporo Hokuyo Holdings, Inc. (currently the Bank) Oct. 2004 Deputy President and Executive Officer, the Bank June 2005 Director and Deputy President, Sapporo Hokuyo Holdings, Inc. June 2005 Director and Deputy President, the Bank June 2006 Director and President, Sapporo Hokuyo Holdings, Inc. June 2006 Director and President, the Bank Apr. 2012 Director and Chairman, Sapporo Hokuyo Holdings, Inc. Apr. 2012 Director and Chairman, the Bank (present position)	112,400
[Reason for selection as Director nominee] At Bank of Japan, Ryuzo Yokouchi held successive posts of responsibility such as Director-General of the Information System Services Department and Director-General of the Personnel Department so not only does he have broad knowledge and experience regarding the banking industry and banking operation, as a lawyer he also has specialized knowledge of the legal field. He worked as Director and President of the Bank from June 2006 and has been Director and Chairman since April 2012. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
2	Junji Ishii (date of birth: May 25, 1951) [Reelection]	<p>Apr. 1975 Joined The Hokkaido Takushoku Bank, Ltd.</p> <p>Nov. 1998 Administrator, Business Promotion Department, the Bank</p> <p>Apr. 1999 Manager, Planning Section II, Management Planning Department, the Bank</p> <p>May 2003 General Manager, Corporate Banking Promotion Department, the Bank</p> <p>Apr. 2004 Branch Manager, Odori Branch, the Bank</p> <p>June 2004 Director, Sapporo Hokuyo Holdings, Inc. (currently the Bank)</p> <p>June 2004 Director and Branch Manager, Odori Branch, the Bank</p> <p>Apr. 2005 Director and General Manager, Business Planning Department, the Bank</p> <p>Apr. 2006 Managing Director and General Manager, Business Planning Department, the Bank</p> <p>June 2006 Managing Director, the Bank</p> <p>June 2009 Managing Director and Senior General Manager, Business Promotion Headquarters, the Bank</p> <p>June 2010 Director and Deputy President, Sapporo Hokuyo Holdings, Inc.</p> <p>June 2010 Director and Deputy President, the Bank</p> <p>Apr. 2012 Director and President, Sapporo Hokuyo Holdings, Inc.</p> <p>Apr. 2012 Director and President, the Bank (present position)</p> <p>June 2015 Audit & Supervisory Board Member (External), Hokkaido Railway Company (present position)</p> <p>June 2015 Chairman, The Second Association of Regional Banks (present position)</p> <p>[Significant concurrent positions outside the Bank] Audit & Supervisory Board Member (External), Hokkaido Railway Company</p>	119,000
<p>[Reason for selection as Director nominee] Junji Ishii has successively held positions such as General Manager of the Business Planning Department, Managing Director in charge of the Risk Management and System Department, and Senior General Manager of the Business Promotion Headquarters. He has broad knowledge and experience regarding the banking operations. He worked as Director and Deputy President of the Bank from June 2010 and as President from April 2012. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
3	Ryu Shibata (date of birth: January 25, 1957) [Reelection]	<p>Apr. 1981 Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)</p> <p>Nov. 1998 Administrator, Loan Administration Department I, the Bank</p> <p>June 2000 Manager, Screening Section, Loan Administration Department I, the Bank</p> <p>July 2002 General Manager, Risk Management Office, the Bank</p> <p>Apr. 2004 General Manager, Management Planning Department, the Bank</p> <p>June 2004 Director, Sapporo Hokuyo Holdings, Inc. (currently the Bank)</p> <p>June 2004 Director and General Manager, Management Planning Department, the Bank</p> <p>Apr. 2006 Managing Director and General Manager, Management Planning Department, the Bank</p> <p>June 2009 Managing Director, the Bank</p> <p>Apr. 2010 Audit & Supervisory Board Member (External), Nakamichi Leasing Co., Ltd. (present position)</p> <p>June 2010 Director and Deputy President, Sapporo Hokuyo Holdings, Inc.</p> <p>June 2010 Director and Deputy President, the Bank (present position)</p> <p>[Significant concurrent positions outside the Bank] Audit & Supervisory Board Member (External), Nakamichi Leasing Co., Ltd.</p>	101,700
<p>[Reason for selection as Director nominee]</p> <p>Ryu Shibata has successively held positions such as General Manager of the Risk Management Office and Management Planning Department and Managing Director in charge of the System Department. He has broad knowledge and experience regarding the banking operations. Since June 2010, he has worked as Deputy President, and Senior General Manager of Management Planning, Crisis Management Headquarters and General Manager of Planning & Strategic Headquarters of the Bank. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
4	Toshitaka Sakoda (date of birth: April 17, 1956) [Reelection]	Apr. 1980 Joined Bank of Japan. May 1998 Accounting Manager, Secretariat of the Policy Board, Bank of Japan June 2002 Kochi Branch Manager, Bank of Japan May 2004 Associate Director-General, Personnel Department, Bank of Japan July 2004 Associate Director-General, Personnel and Corporate Affairs Department, Bank of Japan Jan. 2006 Hiroshima Branch Manager, Bank of Japan July 2008 Deputy Director-General, Financial System and Bank Examination Department, Bank of Japan May 2011 Director-General, Secretariat of the Policy Board, Bank of Japan June 2013 Managing Executive Officer, the Bank June 2014 Managing Executive Officer and General Manager, International Department, the Bank June 2015 Managing Director, the Bank (present position)	7,000
<p>[Reason for selection as Director nominee] Toshitaka Sakoda has successively held positions such as Deputy Director-General of the Financial System and Bank Examination Department and Director-General of Secretariat of the Policy Board of the Bank of Japan. He has broad knowledge and experience regarding the banking industry and banking operations. Since June 2015, he has worked as Managing Director of the Bank being responsible for departments such as the Legal Compliance Department and Risk Management Department. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			
5	Iwao Takeuchi (date of birth: April 5, 1958) [Reelection]	Apr. 1981 Joined Hokuyo Sogo Bank, Ltd. (currently the Bank) July 2000 Branch Manager, Date Branch, the Bank Sept. 2002 Administrator, Sales Promotion Department, the Bank Oct. 2002 Administrator, Management Planning Department, the Bank Dec. 2002 Administrator, Loan Administration Department I, the Bank June 2004 Manager, Chitose Airport Sub Branch, Branch Manager, Chitose-Chuo Branch, the Bank May 2007 General Manager in charge of liaison, Head Office, the Bank Nov. 2008 General Manager, Corporate Banking Department, Head Office, the Bank June 2010 Branch Manager, Sapporo-eki Minami-guchi Branch, the Bank June 2012 Executive Officer and Branch Manager, Kushiro-Chuo Branch, the Bank Nov. 2013 Executive Officer and Advisor, Loan Administration Department I, the Bank June 2014 Managing Executive Officer, the Bank June 2016 Managing Director, the Bank (present position)	13,200
<p>[Reason for selection as Director nominee] Iwao Takeuchi has successively held positions such as Branch Manager of the Sapporo-eki Minami-guchi Branch, the Kushiro-Chuo Branch, and Advisor to the Loan Administration Department I. He has broad knowledge and experience regarding the banking operations. Since June 2016, he has held positions such as General Manager of Loan Administration Headquarters in his capacity as Managing Director. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned	
6	Minoru Nagano (date of birth: November 16, 1959) [Reelection]	Apr. 1982	Joined The Hokkaido Takushoku Bank, Ltd.	18,100
		Nov. 1998	Joined the Bank	
		June 2005	Manager, Planning Section, Management Planning Department, the Bank	
		Apr. 2009	Deputy General Manager, Management Planning Department, and Manager, Planning Section I, the Bank	
		June 2009	General Manager, Management Planning Department, the Bank	
		Jan. 2011	General Manager, Management Planning Department, and Manager, Planning Section II, the Bank	
		June 2011	Executive Officer and General Manager, Business Promotion Department, the Bank	
		June 2012	Executive Officer and Branch Manager, Asahikawa-Chuo Branch, the Bank	
		June 2014	Director and Branch Manager, Asahikawa-Chuo Branch, the Bank	
		Apr. 2015 June 2016	Director and Head Office Manager, the Bank Managing Director and Head Office Manager, the Bank (present position)	
[Reason for selection as Director nominee] Minoru Nagano has successively held positions such as General Manager of the Management Planning Department, Business Promotion Department and Branch Manager of the Asahikawa-Chuo Branch. He has broad knowledge and experience regarding the banking operations. He has worked as Head Office Manager in his capacity as Director since June 2014 and as Managing Director since June 2016. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.				
7	Mitsuharu Yasuda (date of birth: October 5, 1959) [Reelection]	Apr. 1983	Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)	21,100
		Apr. 2004	Manager, Planning Section, Management Planning Department, the Bank	
		Apr. 2005	Branch Manager, Miyanosawa Branch, the Bank	
		Aug. 2007	Assistant General Manager, Personnel Department, the Bank (temporary transfer to Ishiya Co., Ltd.)	
		Apr. 2009	Deputy General Manager, Loan Administration Department I, the Bank	
		June 2011	General Manager (sub), Loan Administration Department I and General Manager, Credit Planning Office, the Bank	
		June 2013	Executive Officer and General Manager, Loan Administration Department I, the Bank	
		June 2014 June 2016	Director and General Manager, Management Planning Department, the Bank Managing Director, the Bank (present position)	
[Reason for selection as Director nominee] Mitsuharu Yasuda has successively held positions such as Branch Manager of the Miyanosawa Branch, General Manager of the Loan Administration Department I and General Manager of the Management Planning Department. He has broad knowledge and experience regarding the banking operations. Since June 2016, he has held positions such as General Manager of the Corporate Banking Promotion Headquarters in his capacity as Managing Director. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.				

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned	
8	Katsunori Matsushita (date of birth: July 25, 1959) [Reelection]	Apr. 1983	Joined Hokkaido Sogo Bank, Ltd. (currently the Bank)	4,400
		Apr. 2000	Branch Manager, Yamahana Branch, The Sapporo Bank, Ltd.	
		May 2003	Branch Manager, Shizunai Branch, The Sapporo Bank, Ltd.	
		June 2005	Branch Manager, Sapporo Eki-mae Branch, The Sapporo Bank, Ltd.	
		Jan. 2007	General Manager (sub), Management Headquarters, The Sapporo Bank, Ltd.	
		Oct. 2008	Manager, Planning Section II, Management Planning Department, the Bank	
		May 2010	Deputy General Manager, Management Planning Department and Manager, Planning Section II, the Bank	
		Jan. 2011	Branch Manager, Sapporo Nishi Branch and Manager, Sapporo Medical University Hospital Sub Branch, the Bank	
		Apr. 2013	General Manager, Corporate Business Department, Head Office, the Bank	
		June 2014	Executive Officer and Deputy Head Office Manager, the Bank	
		June 2016	Director, the Bank (present position)	
[Reason for selection as Director nominee] Katsunori Matsushita has successively held positions such as Branch Manager of the Sapporo Nishi Branch, General Manager of Corporate Business Department at the Head Office and Deputy Head Office Manager. He has broad knowledge and experience regarding the banking operations. Since June 2016, he has held positions such as General Manager of the Personal Banking Promotion Headquarters in his capacity as Director. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.				
9	Hideki Fujiike (date of birth: September 17, 1959) [New election]	Apr. 1982	Joined The Hokkaido Takushoku Bank, Ltd.	10,100
		Nov. 1998	Joined the Bank	
		May 2004	Branch Manager, Ikeda Branch, the Bank	
		Apr. 2006	Branch Manager, Sapporo Higashi Branch, the Bank	
		July 2007	Administrator, Personnel Department, the Bank	
		Apr. 2009	Deputy General Manager, Personnel Department, the Bank	
		June 2010	General Manager (sub), Personnel Department, the Bank	
		June 2011	General Manager, Legal Compliance Department, the Bank	
		June 2013	Executive Officer and Branch Manager, Tokyo Branch, the Bank	
		Apr. 2015	Managing Executive Officer and Branch Manager, Asahikawa-Chuo Branch, the Bank (present position)	
[Reason for selection as Director nominee] Hideki Fujiike has successively held positions such as General Manager (sub) of the Personnel Department, General Manager of the Legal Compliance Department and Branch Manager of the Tokyo Branch. He has broad knowledge and experience regarding the banking operations. Since April 2015, he has worked as Branch Manager of the Asahikawa-Chuo Branch in his capacity as Managing Executive Officer. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.				

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
10	Satoshi Fukase (date of birth: March 28, 1960) [New election]	<p>Apr. 1983 Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)</p> <p>Aug. 2004 Manager, Training Department, Personnel Department, the Bank</p> <p>Apr. 2005 Branch Manager, Shin Sapporo Branch, the Bank</p> <p>May 2007 General Manager, Bank Teller Sales Business Department, Business Promotion Department, the Bank</p> <p>Apr. 2009 General Manager, Bank Teller Sales Business Department, Business Planning Department, the Bank</p> <p>June 2009 Administrator, Management Planning Department, the Bank</p> <p>June 2012 General Manager, Personal Banking Department, the Bank</p> <p>June 2014 Executive Officer and General Manager, Personnel Department, the Bank</p> <p>Apr. 2016 Managing Executive Officer and General Manager, Personnel Department, the Bank (present position)</p>	17,300
<p>[Reason for selection as Director nominee]</p> <p>Satoshi Fukase has successively held positions such as General Manager of the Bank Teller Sales Business Department, Business Planning Department, Administrator of the Management Planning Department and General Manager of the Personal Banking Department. He has broad knowledge and experience regarding the banking operations. Since April 2016, he has worked as General Manager of the Personnel Department in his capacity as Managing Executive Officer. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			
11	Mikako Hayashi (date of birth: April 12, 1953) [Reelection] [External] [Independent]	<p>Apr. 1976 Joined The Sapporo Television Broadcasting Co., Ltd.</p> <p>Jan. 1985 Started business as a freelance newscaster, continuing.</p> <p>Apr. 2008 Specially appointed Professor, Keio University Graduate School of System Design and Management</p> <p>June 2008 External Supervisor, Hokuren Agricultural Cooperative</p> <p>Apr. 2011 Project Professor, Keio University Graduate School of System Design and Management (present position)</p> <p>Jan. 2012 Guest Professor, Hokkaido University, Graduate School of Agriculture (present position)</p> <p>June 2015 Director (External), the Bank (present position)</p>	—
<p>[Reason for selection as Director nominee]</p> <p>Mikako Hayashi specializes in Agriculture and Regional Revitalization, and holds the positions of the Project Professor at Keio University Graduate School and a Guest Professor at Hokkaido University while also being active as a freelance newscaster. The Bank concluded that she can continue to use those varied experiences and specialist's knowledge and can greatly contribute to constructive discussions toward promoting the activity of women and continued growth of the Hokkaido economy which is the Bank's foundation with a point of view independent of that of the Bank's management in the Board of Directors and so made her a candidate for External Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
12	Rieko Ubagai (date of birth: April 20, 1960) [Reelection] [External] [Independent]	<p>Apr. 1996 Registered as a lawyer, opened Ubagai Law Office.</p> <p>Nov. 1999 Member, Kita Ishikari Labor Dispute Committee (present position)</p> <p>Apr. 2002 Part-time Director, Hokkaido Housing Supply Corporation</p> <p>Nov. 2003 Opened Hirooka & Ubagai Law Office (currently Ubagai & Nakatsuji Law Office).</p> <p>Apr. 2004 Member, Management Committee, Hokkaido University of Education</p> <p>Oct. 2004 Supervisor, Hokkaido Housing Supply Corporation</p> <p>July 2007 Member, Hokkaido Prefectural Public Safety Commission</p> <p>June 2015 Director (External), the Bank (present position)</p> <p>June 2016 Member, Sapporo Personnel Affairs Commission (present position)</p>	500
<p>[Reason for selection as Director nominee]</p> <p>Rieko Ubagai is active in the front line as an attorney and has also held positions of responsibility in various public bodies such as being a member of the Management Committee at Hokkaido University of Education and also a member of the Hokkaido Prefectural Public Safety Commission. The Bank concluded that she can continue to use those varied experiences and specialist's knowledge and can greatly contribute to constructive discussions toward promoting the activity of women and securing the continued health of management with a point of view independent of that of the Bank's management in the Board of Directors and so made her a candidate for External Director.</p>			
13	Kazuaki Shimamoto (date of birth: October 7, 1946) [Reelection] [External] [Independent]	<p>Apr. 1978 Doctor of Medicine</p> <p>Sept. 1996 Professor, Internal Medicine Seminar II, School of Medicine, Sapporo Medical University</p> <p>Apr. 2000 Deputy Hospital Superintendent, Sapporo Medical University Hospital</p> <p>Mar. 2004 Hospital Superintendent, Sapporo Medical University Hospital</p> <p>Apr. 2010 Chairperson and President, Sapporo Medical University</p> <p>Apr. 2016 Chancellor, Japan Health Care College (present position)</p> <p>June 2016 Director (External), the Bank (present position)</p> <p>[Significant concurrent positions outside the Bank] Chancellor, Japan Health Care College</p>	—
<p>[Reason for selection as Director nominee]</p> <p>Kazuaki Shimamoto has held successive positions of responsibility such as Hospital Superintendent of Sapporo Medical University Hospital and Chairperson and President of Sapporo Medical University, and from April 2016 he has been working as Chancellor of Japan Health Care College. The Bank concluded that he can use his extensive experience and specialist's knowledge as an executive in the medical field which is one of the growing industries in the region, and can continue to greatly contribute to constructive discussions and supervision of management to promoting continued growth of the Bank and the region with a point of view independent of that of the Bank's management in the Board of Directors and so made him a candidate for External Director.</p>			

- Notes:
1. There is currently no special interest between each of the candidates and the Bank.
 2. Junji Ishii plans to retire as Chairman of The Second Association of Regional Banks on June 15, 2017.
 3. A limited liability agreement under the provision of Article 427, paragraph 1 of the Companies Act has been concluded between Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto, and the Bank. The Bank intends to continue this agreement with Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto in the event that their reappointments are approved.

An overview of the limited liability agreements is as follows.

- In the event of damage to the Bank caused by failure to perform duties as External Directors, they will be liable to the maximum amount below so long as their duties are performed in good faith and without gross negligence.
- The maximum amount of liability shall be whichever is the higher of 20 million yen or the amount provided for by legislation (the minimum liability provided for under Article 425, paragraph 1, of the Companies Act).

4. Matters pertaining to candidates for External Directors provided for under Article 74, paragraph 4 of the Ordinance for Enforcement of the Companies Act
- (1) Mikako Hayashi, Rieko Ubagai, and Kazuaki Shimamoto are candidates for External Director.
 - (2) Mikako Hayashi, Rieko Ubagai, and Kazuaki Shimamoto have no previous experience of being involved in corporate management other than serving as External Director or External Audit & Supervisory Board Member. However, it is deemed that they are able to execute duties appropriately due to the reasons described in the “Reason for selection as Director nominee.”
 - (3) With reference to the specific standards for determination that the Bank has established regarding stock exchange criteria for independence (“independence determination standards” below), Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto are independent from the executive management team. Therefore, the Bank has designated them as Independent Directors stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange and Rule 5-2 of the Corporate Conduct Rules of the Sapporo Securities Exchange. In the event that their reappointments are approved, the Bank intends to continue this designation. Although the Bank has general business transactions with Japan Health Care College where Kazuaki Shimamoto holds the position of Chancellor, the organization is not applicable to the “major trading partner” defined in the Bank’s Independence Determination Standards and therefore will not question his independence.
 - (4) The term of office of Mikako Hayashi and Rieko Ubagai as External Directors shall be two (2) years at the conclusion of this General Meeting of Shareholders. Also, the term of office of Kazuaki Shimamoto as External Director shall be one (1) year at the conclusion of this General Meeting of Shareholders.

Proposal 3: Election of two (2) Audit & Supervisory Board Members

Audit & Supervisory Board Member Yukihiro Shimomura will resign and step down as Audit & Supervisory Board Member on June 15, 2017, and the term of office for Audit & Supervisory Board Member Hiroshi Tachikawa will expire at the conclusion of the 161st Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes the election of two (2) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
1	Fumiyo Fujii (date of birth: August 20, 1954) [New election]	Apr. 1979 Joined The Hokkaido Takushoku Bank, Ltd. Nov. 1998 Administrator, Personnel Department, the Bank July 1999 Manager, Personnel Management Section, Personnel Department, the Bank Feb. 2001 Deputy Branch Manager, Tokyo Branch, the Bank May 2003 Branch Manager, Rumoi Branch, the Bank Apr. 2005 Administrator, Loan Administration Department I, the Bank Sept. 2006 General Manager (sub), Management Planning Department, the Bank June 2009 General Manager (sub), Business Promotion Department, the Bank June 2010 Executive Officer and General Manager, Business Promotion Department, the Bank June 2011 Director and Chief of Secretariat, Sapporo Hokuyo Holdings, Inc. (currently the Bank) June 2011 Director, the Bank Oct. 2012 Director and General Manager, Management Planning Department, the Bank June 2014 Managing Director, the Bank (present position) Aug. 2015 Corporate Auditor (Outside), TSURUHA HOLDINGS INC. (present position) [Significant concurrent positions outside the Bank] Corporate Auditor (Outside), TSURUHA HOLDINGS INC.	26,200
[Reason for selection as Audit & Supervisory Board Member nominee] Fumiyo Fujii has successively held positions such as General Manager of the Business Promotion Department, Director responsible for the Holdings company, and General Manager of the Management Planning Department. Since June 2014, he has also held positions such as General Manager of Loan Administration Headquarters and General Manager of Planning & Strategic Headquarters in his capacity as Managing Director. He has been appropriately fulfilling those duties and responsibilities. The Bank concluded that he can use his extensive experience and abundant knowledge of banking to conduct highly effective audits and greatly contribute to securing managerial health of the Bank, so made him a candidate for External Audit & Supervisory Board Member.			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
2	Hiroshi Tachikawa (date of birth: April 4, 1953) [Reelection] [External] [Independent]	Apr. 1976 Joined Hokkaido Government Apr. 2001 Manager, Secretariat, General Affairs Department, Hokkaido Government Apr. 2003 Deputy Director-General, General Affairs Department, Hokkaido Government Apr. 2006 Director-General, Finance Bureau, General Affairs Department, Hokkaido Government Apr. 2007 General Manager, Tokyo Office, Hokkaido Government May 2010 Director-General, General Affairs Department, Hokkaido Government Apr. 2013 Education Manager, Hokkaido Government Board of Education June 2015 Standing / External Audit & Supervisory Board Member, the Bank (present position)	5,400
<p>[Reason for selection as Audit & Supervisory Board Member nominee]</p> <p>Hiroshi Tachikawa has held successive important positions such as General Manager of Tokyo Office and Director-General of the General Affairs Department of Hokkaido Government, and Education Manager of Hokkaido Government Board of Education. The Bank concluded that he can use his extensive experience and abundant knowledge in public administration and education field to continue highly effective audits from an objective viewpoint, and continue to greatly contribute to securing managerial health of the Bank, so made him a candidate for External Audit & Supervisory Board Member.</p>			

- Notes:
1. There is currently no special interest between each of the candidates and the Bank.
 2. It is anticipated that Fumiyo Fujii will be elected as External Corporate Auditor of Hokkaido Electric Power Co., Inc. in its shareholders general meeting on June 28, 2017.
 3. Matters pertaining to candidates for External Audit & Supervisory Board Member provided for under Article 76, paragraph 4 of the Ordinance for Enforcement of the Companies Act
 - (1) Hiroshi Tachikawa is a candidate for External Audit & Supervisory Board Members.
 - (2) Hiroshi Tachikawa has no previous experience of being involved in corporate management other than serving as External Director or External Audit & Supervisory Board Member. However, it is deemed that he is able to execute duties appropriately due to the reasons described in the "Reason for selection as Audit & Supervisory Board Member nominee."
 - (3) With reference to the independence determination standards, listed later, Hiroshi Tachikawa is independent from the executive management team. Therefore, the Bank has designated him as Independent Audit & Supervisory Board Member stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange and Rule 5-2 of the Corporate Conduct Rules of the Sapporo Securities Exchange. In the event that his reappointment is approved, the Bank intends to continue this designation. The Bank is the designated financial organization of Hokkaido Government where he was working as Director-General of General Affairs Department until March 31, 2013; therefore there are transactions such as deposits and loans. However, the trading relationship between Hokkaido Government and the Bank is not of the nature to question his independence in the light of the independence determination standards.
 - (4) The term of office of Hiroshi Tachikawa as External Audit & Supervisory Board Member shall be two (2) years at the conclusion of this meeting.

<Reference> Independence Determination Standards

At the Bank, if none of the following conditions apply to External Directors or External Audit & Supervisory Board Members (hereinafter both referred to as “External Officers”) for the past one (1) year, it is decided that the concerned External Officer has independence.

1. A person or entity to whom the Bank is a major trading partner (*1), or an Executive for such person or entity (an executive director, executive officer or any other officer or employee who executes the business of a company, etc. The same shall apply hereinafter).
2. A major trading partner (*1) of the Bank or an Executive of such entity.
3. Consultant, accounting specialist or legal specialist who receives large amounts (*2) of monies or other assets other than Officer Remuneration from the Bank (if the recipient of the applicable assets is a corporation or group such as an Association, refers to a person belonging to that organization).
4. A major shareholder of the Bank (*3) or an Executive for such person or entity.
5. An entity which receives large amounts (*2) of donations from the Bank, or an Executive for such person or entity.
6. A closely related person (*5) of any of the following people (limited to important (*4) persons):
 - (1) A person to whom any of 1-5 above applies
 - (2) An Executive of the Bank or one of its subsidiaries
 - (3) A director who is not an Executive of the Bank or one of its subsidiaries (limited to determining the independence of External Audit & Supervisory Board Members)

(*1) Definition of “major trading partner” (a partner to which any of the following applies)

- a. A partner for which transactions account for 2% or more of the Bank’s consolidated gross profit or the trading partner’s consolidated net sales of the most recent fiscal year (however, excludes regional public organizations)
- b. A partner for whom the Bank is the largest lender and it is thought that procurement from another financial institution would be difficult for the concerned partner

(*2) Definition of “large amount”

An annual amount averaging 10 million yen or more over the past three years

(*3) Definition of “major shareholder”

A shareholder with voting rights of 10% or more of the Bank’s total voting rights

(*4) Examples of “important person”

- An officer or person of general manager level of a company
- The accounting specialist and legal specialist in 3. above, are persons with the specialized qualifications of a Certified Public Accountant or Attorney at Law

(*5) Definition of “closely related person”

A spouse or relative in the second degree