

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 8524

June 1, 2018

To our shareholders:

Mitsuharu Yasuda  
Director and President  
**North Pacific Bank, Ltd.**  
7, Odori Nishi 3-chome, Chuo-ku, Sapporo, Hokkaido

## **NOTICE OF THE 162ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 162nd 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 26, 2018 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 162nd Term (from April 1, 2017 to March 31, 2018)
2. Consolidated Financial Statements for the 162nd Term (from April 1, 2017 to March 31, 2018) 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 twelve (12) Directors
- Proposal 3:** Election of one (1) Audit & Supervisory Board Member
- Proposal 4:** Determination of amount and other details of performance-linked share-based remuneration, etc. to Directors

## 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 Bank proposes the year-end dividend of surplus for the fiscal year ended March 31, 2018 as follows.

Also, as already announced the Bank is planning to repurchase the Bank's shares as part of comprehensive return of profits in addition to the existing performance-linked dividend system.

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof to shareholders  
5.0 yen per common share of the Bank  
Total amount of dividends: 1,994,874,100 yen
- (3) Effective date of distribution of dividends of surplus  
Common share of the Bank: June 27, 2018

As a result, the annual dividend for the fiscal year ended March 31, 2018 will be 11.0 yen per common share including the interim dividend of 6.0 yen per common share, as stated in the dividend forecast announced on May 12, 2017.

The interim dividend of 6.0 yen per common share included 1.0 yen that was the dividend to commemorate the Bank's centenary.

(Reference) The Bank's comprehensive shareholder returns policy

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.

Repurchase of treasury shares:

After the amount of the year-end dividend, which is an item to be resolved in the Ordinary General Meeting of Shareholders, is approved by the Board of Directors, the Bank is planning to purchase its own shares to make the total amount of the annual dividends and treasury shares 40% of the profit attributable to shareholders of parent.

**Proposal 2:** Election of twelve (12) Directors

The term of office for the current twelve (12) Directors will expire at the conclusion of the 162nd Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes that twelve (12) Directors be elected.

Although, Ryuzo Yokouchi stepped down from being a Director due to his resignation on March 31, 2018, the Bank proposes election of twelve (12) 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	Junji Ishii	Director and Chairman	In charge of Group companies and CSR	[Reelection]
2	Ryu Shibata	Director and Deputy Chairman	In charge of General Secretariat, Local Industry Support Department, and Treasury & Markets Department	[Reelection]
3	Mitsuharu Yasuda	Director and President (Representative Director)	In charge of Personnel Department	[Reelection]
4	Toshitaka Sakoda	Director and Deputy President (Representative Director)	<Internal Control Headquarters> In charge of Legal and Compliance Department, Risk Management Department, Operations Planning Department, and System Department In charge of Public and Financial Institutions Department	[Reelection]
5	Iwao Takeuchi	Managing Director	In charge of Corporate Solutions Department, Loan Administration Department I, and Loan Administration Department II	[Reelection]
6	Minoru Nagano	Managing Director	<Business Promotion Headquarters> In charge of Business Strategy Department, Retail Consulting Strategy Department, Retail Consulting Support Department, Banking Strategy Department, and Banking Support Department In charge of Management Planning Department	[Reelection]
7	Hideki Fujiike	Director	Head Office Manager	[Reelection]
8	Satoshi Fukase	Director	<Business Promotion Headquarters Assistant> In charge of Retail Consulting Strategy Department (General Manager) and Retail Consulting Support Department	[Reelection]
9	Satoshi Shindo	Executive Officer	General Manager, Management Planning Department	[New election]
10	Mikako Hayashi	External Director	–	[Reelection] [External] [Independent]
11	Rieko Ubagai	External Director	–	[Reelection] [External] [Independent]
12	Kazuaki Shimamoto	External Director	–	[Reelection] [External] [Independent]

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
1	<p style="text-align: center;">Junji Ishii (date of birth: May 25, 1951) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1975    Joined The Hokkaido Takushoku Bank, Ltd. Nov. 1998    Administrator, Business Promotion Department, the Bank Apr. 1999    Manager, Planning Section II, Management Planning Department, the Bank May 2003    General Manager, Corporate Banking Promotion Department, the Bank Apr. 2004    Branch Manager, Odori Branch, the Bank June 2004    Director, Sapporo Hokuyo Holdings, Inc. (currently the Bank) June 2004    Director and Branch Manager, Odori Branch, the Bank Apr. 2005    Director and General Manager, Business Planning Department, the Bank Apr. 2006    Managing Director and General Manager, Business Planning Department, the Bank June 2006    Managing Director, the Bank June 2009    Managing Director and Senior General Manager, Business Promotion Headquarters, the Bank June 2010    Director and Deputy President, Sapporo Hokuyo Holdings, Inc. June 2010    Director and Deputy President, the Bank Apr. 2012    Director and President, Sapporo Hokuyo Holdings, Inc. Apr. 2012    Director and President, the Bank June 2015    Audit &amp; Supervisory Board Member (External), Hokkaido Railway Company (present position) Apr. 2018    Director and Chairman, the Bank (present position) [Significant concurrent positions outside the Bank] Audit &amp; Supervisory Board Member (External), Hokkaido Railway Company</p>	128,900
<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 President from April 2012 and has been Director and Chairman since April 2018. 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
2	<p>Ryu Shibata (date of birth: January 25, 1957) [Reelection] Attendance at meetings of the Board of Directors 12/13 (92%)</p>	<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 &amp; 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</p> <p>Apr. 2018    Director and Deputy Chairman, the Bank (present position)</p> <p>[Significant concurrent positions outside the Bank] Audit &amp; Supervisory Board Member (External), Nakamichi Leasing Co., Ltd.</p>	111,500
<p>[Reason for selection as Director nominee] 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. He worked as Director and Deputy President from June 2010 and has been Director and Deputy Chairman since April 2018. 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	<p>Mitsuharu Yasuda (date of birth: October 5, 1959) [Reelection] Attendance at meetings of the Board of Directors 12/13 (92%)</p>	<p>Apr. 1983    Joined Hokuyo Sogo Bank, Ltd. (currently the Bank) 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    Director and General Manager, Management Planning Department, the Bank June 2016    Managing Director, the Bank Apr. 2018    Director and President, the Bank (present position)</p>	27,700
<p>[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. He held positions such as General Manager of the Corporate Banking Promotion Headquarters and was responsible for Business Strategy Department and the banking departments in his capacity as Managing Director from June 2016, and has been Director and President since April 2018. 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	<p style="text-align: center;">Toshitaka Sakoda (date of birth: April 17, 1956) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>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 Apr. 2018    Director and Deputy President, the Bank (present position)</p>	10,300
<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. From June 2015, he worked as Managing Director of the Bank being responsible for departments such as the Legal Compliance Department and Risk Management Department before becoming Deputy President in April 2018 and being responsible for Internal Control Headquarters. 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
5	Iwao Takeuchi (date of birth: April 5, 1958) [Reelection] Attendance at meetings of the Board of Directors 12/13 (92%)	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)	16,500
[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 worked as Managing Director of the Bank being responsible for departments such as the Corporate Solutions Department and loan administration 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.			



No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
6	<p style="text-align: center;">Minoru Nagano (date of birth: November 16, 1959) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1982    Joined The Hokkaido Takushoku Bank, Ltd. 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    Director and Head Office Manager, the Bank June 2016    Managing Director and Head Office Manager, the Bank June 2017    Managing Director, the Bank (present position)</p>	24,700
<p>[Reason for selection as Director nominee] Minoru Nagano has successively held positions such as General Manager of Business Promotion Headquarters, Branch Manager of the Asahikawa-Chuo Branch, and Head Office Manager. He has broad knowledge and experience regarding the banking operations. From June 2016, he worked as Managing Director of the Bank being responsible for departments such as the Management Planning Department and Local Industry Support Department before becoming responsible for Business Promotion Headquarters in April 2018. 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>			
7	<p style="text-align: center;">Hideki Fujiike (date of birth: September 17, 1959) [Reelection] Attendance at meetings of the Board of Directors 10/10 (100%)</p>	<p>Apr. 1982    Joined The Hokkaido Takushoku Bank, Ltd. 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 June 2017    Director and Head Office Manager, the Bank (present position)</p>	14,000
<p>[Reason for selection as Director nominee] Hideki Fujiike has successively held positions such as General Manager of the Legal Compliance Department, Branch Manager of the Tokyo Branch, and Branch Manager of the Asahikawa-Chuo Branch. He has broad knowledge and experience regarding the banking operations. Since June 2017, he has worked as Head Office Manager 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.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
8	Satoshi Fukase (date of birth: March 28, 1960) [Reelection] Attendance at meetings of the Board of Directors 10/10 (100%)	Apr. 1983 Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)	20,000
		Aug. 2004 Manager, Training Department, Personnel Department, the Bank	
		Apr. 2005 Branch Manager, Shin Sapporo Branch, the Bank	
		May 2007 General Manager, Bank Teller Sales Business Department, Business Promotion Department, the Bank	
		Apr. 2009 General Manager, Bank Teller Sales Business Department, Business Planning Department, the Bank	
		June 2009 Administrator, Management Planning Department, the Bank	
		June 2012 General Manager, Personal Banking Department, the Bank	
		June 2014 Executive Officer and General Manager, Personnel Department, the Bank	
		Apr. 2016 Managing Executive Officer and General Manager, Personnel Department, the Bank	
		June 2017 Director, the Bank Apr. 2018 Director and General Manager, Retail Consulting Strategy Department, the Bank (present position)	
<p>[Reason for selection as Director nominee] Satoshi Fukase has successively held positions such as Administrator of the Management Planning Department, General Manager of the Personal Banking Department, and General Manager of the Personnel Department. He has broad knowledge and experience regarding the banking operations. From June 2017, he worked as Director of the Bank being responsible for consulting departments before becoming General Manager of the Retail Consulting Strategy Department as Assistant of the Business Promotion Headquarters in April 2018. 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
9	Satoshi Shindo (date of birth: October 27, 1963) [New election]	<p>Apr. 1987    Joined The Hokkaido Takushoku Bank, Ltd.</p> <p>Nov. 1998    Joined the Bank</p> <p>Apr. 2009    Manager, Trading Section, Treasury and Securities Department, the Bank</p> <p>Oct. 2012    Manager, Management Administration Section, Management Planning Department, the Bank</p> <p>Apr. 2014    Manager, Management Planning Section, Management Planning Department, the Bank</p> <p>June 2014    Deputy General Manager, Management Planning Department and Manager, Management Planning Section, the Bank</p> <p>Oct. 2015    General Manager (sub), Management Planning Department and Manager, Management Planning Section, the Bank</p> <p>June 2016    General Manager, Management Planning Department, the Bank</p> <p>Apr. 2017    Executive Officer and General Manager, Management Planning Department, the Bank (present position)</p>	3,700
<p>[Reason for selection as Director nominee]</p> <p>Satoshi Shindo has successively held positions such as Manager of the Trading Section of Treasury and Securities Department and General Manager of the Management Planning Department. He has broad knowledge and experience regarding the banking operations. Currently he works as General Manager of the Management Planning Department in his capacity as 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>			
10	Mikako Hayashi (date of birth: April 12, 1953) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 13/13 (100%)	<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 supervision of the management and constructive discussions toward promoting the activity of women and securing 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
11	Rieko Ubagai (date of birth: April 20, 1960) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 12/13 (92%)	Apr. 1996 Registered as a lawyer, opened Ubagai Law Office. Nov. 1999 Member, Kita Ishikari Labor Dispute Committee (present position) Apr. 2002 Part-time Director, Hokkaido Housing Supply Corporation Nov. 2003 Opened Hirooka & Ubagai Law Office (currently Ubagai & Nakatsuji Law Office). Apr. 2004 Member, Management Committee, Hokkaido University of Education Oct. 2004 Supervisor, Hokkaido Housing Supply Corporation July 2007 Member, Hokkaido Prefectural Public Safety Commission June 2015 Director (External), the Bank (present position) June 2016 Member, Sapporo Personnel Affairs Commission (present position)	800
[Reason for selection as Director nominee] 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 supervision of the management and 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.			
12	Kazuaki Shimamoto (date of birth: October 7, 1946) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 13/13 (100%)	Apr. 1978 Doctor of Medicine Sept. 1996 Professor, Internal Medicine Seminar II, School of Medicine, Sapporo Medical University Apr. 2000 Deputy Hospital Superintendent, Sapporo Medical University Hospital Mar. 2004 Hospital Superintendent, Sapporo Medical University Hospital Apr. 2010 Chairperson and President, Sapporo Medical University Apr. 2016 Chancellor, Incorporated Educational Institution Japan Health Care College (present position) June 2016 Director (External), the Bank (present position) [Significant concurrent positions outside the Bank] Chancellor, Incorporated Educational Institution Japan Health Care College	-
[Reason for selection as Director nominee] 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 Incorporated Educational Institution 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.			

- Notes:
1. There is currently no special interest between each of the candidates and the Bank.
  2. 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).
3. 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 Incorporated Educational Institution 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 three (3) years at the conclusion of this General Meeting of Shareholders. Also, the term of office of Kazuaki Shimamoto as External Director shall be two (2) years at the conclusion of this General Meeting of Shareholders.

**Proposal 3:** Election of one (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Hiroshi Soga will expire at the conclusion of the 162nd Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes the election of one (1) Audit & Supervisory Board Member.

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

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

Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
<p>Katsunori Matsushita (date of birth: July 25, 1959) [New election] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1983      Joined Hokkaido Sogo Bank, Ltd. (currently the Bank) 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)</p>	<p>7,700</p>
<p>[Reason for selection as Audit &amp; Supervisory Board Member 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. Since June 2016, he has worked as Director in charge of consulting departments, and also became responsible for Operations Planning Department and System Department as Assistant of the Internal Control Headquarters in April 2018. 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 &amp; Supervisory Board Member.</p>		

Note: There is currently no special interest between the candidate and the Bank.

**Proposal 4:** Determination of amount and other details of performance-linked share-based remuneration, etc. to Directors

1. Reason for proposal and reason that this remuneration is appropriate

Remuneration for Directors of the Bank (excluding External Directors and those who are non-residents of Japan; hereinafter the same exclusion shall apply in this proposal) is currently comprised of “base remuneration,” “bonuses,” and “stock options in share-based payment;” however, the Bank proposes the abolition of stock options in share-based payment and introduction of the performance-linked share-based remuneration plan (hereinafter called the “Plan”) under which the Bank’s shares will be delivered to Directors based on such metrics as their positions and a degree of achievement of performance targets.

Objectives of the Plan are to further clarify the link between remuneration for Directors, the Bank’s performance, and the shareholder value, and heighten the awareness of Directors towards contributing to improve the Bank’s medium- to long-term performance and increase its corporate value.

This proposal is to request approval for payment of share-based remuneration to Directors, which is separate from the maximum amount of the Directors’ remuneration determined in the 156th Ordinary General Meeting of Shareholders on June 26, 2012 (no more than 340 million yen per year; excluding the employees’ salaries paid to Directors who are also employees).

The number of Directors applicable to the Plan will be nine (9) if Proposal 2 “Election of twelve (12) Directors” is approved and adopted as proposed.

If this Proposal is approved and adopted as proposed, the Bank shall abolish the remuneration limit concerning share acquisition rights as stock options in share-based payment approved in the 159th Ordinary General Meeting of Shareholders on June 25, 2015, and shall not grant the new acquisition rights. As a result, remuneration system for Directors will be comprised of “base remuneration,” “bonuses,” and “performance-linked share-based remuneration” if this Proposal is approved and adopted as proposed.

2. Amount of remuneration, etc. and the details of the Plan

(1) Outline of the Plan

The Plan is a share-based remuneration plan under which the Bank’s shares are acquired through a trust using the remuneration for Directors contributed by the Bank as the source of funds, and the Bank’s shares are delivered and/or money is paid in the amount equivalent to the proceeds from cash conversion of the Bank’s shares (the “Bank’s Shares, etc.”; and such delivery and payment are hereinafter collectively referred to as the “Delivery, etc.”) to the Directors (details are described in (2) below).

Item	Outline of the details of the Plan
1) Persons to whom Delivery, etc. of the Bank’s Shares, etc. covered by the Plan is made	- Directors of the Bank (excluding External Directors and those who are non-residents of Japan)
2) Duration subject to the Plan (as described in (2) below)	- Three (3) consecutive fiscal years (hereinafter called “Applicable Period”) - Note: Two (2) consecutive fiscal years for the initial period (hereinafter called “Initial Period”) of the Plan, which starts from this fiscal year
3) The maximum amount of money contributed by the Bank (as described in (2) below)	- 300 million yen for the Applicable Period over three (3) fiscal years - Note: 200 million yen for the Initial Period over two (2) fiscal years
4) The maximum number of the Bank’s Shares, etc. to be delivered to Directors (as described in (3) below)	- The maximum of the total points granted to Directors per fiscal year is 600,000 points; therefore, the maximum number of the total number of the Bank’s Shares, etc. delivered to Directors in the Applicable Period over three (3) fiscal years is 1,800,000 (1,200,000 for the Initial Period over two (2) fiscal years) - The number of shares equivalent to the maximum of the total point of the Bank’s Shares, etc. granted to Directors per fiscal year (600,000 shares) is approximately 0.15% of the total number of issued shares (as of March 31, 2018, excluding treasury shares).

Item	Outline of the details of the Plan
5) Method of acquisition of the Bank's Shares (as described in (2) below)	- Acquisition of the Bank's Shares will be made either in the stock market or from disposal of treasury shares by the Bank (stock dilution will not occur because the trust set up in this fiscal year will purchase the shares from the stock market)
6) Conditions for achieving business performance (as described in (3) below)	- Varies depending on the degree of achievement of performance targets (e.g., profit attributable to shareholders of parent) in the given fiscal year
7) Time of Delivery, etc. of the Bank's Shares, etc. (as described in (4) below)	- At the resignation of the Director * If a Director passes away during the trust period, the money equivalent to the proceeds from cash conversion based on the accumulated points of the Bank's Shares as of the time is paid to the Director's legal heir.

(2) The maximum amount of money contributed by the Bank

The Plan applies to the Applicable Period of three (3) consecutive fiscal years. However, the Plan initially applies to two (2) fiscal years during the Initial Period, the remaining period of the current medium-term management plan, which is consisting of the years ending on March 31, 2019 and ending on March 31, 2020. The Plan is then applied to each three (3) fiscal years' period afterwards if the trust period described below is extended.

The Bank contributes the amount of money of up to 300 million yen for each Applicable Period (200 million yen for the Initial Period) as remuneration to Directors of the Bank, and sets up a trust (hereinafter called the "Trust") whose trust period is three (3) years (two (2) years for the Initial Period) and whose named beneficiaries are Directors who satisfy the beneficiary requirements (the same applies to the case where the trust period is extended as described in the paragraph 4 within this (2)).

The Trust purchases the Bank's Shares in the stock market or acquires them from the Bank's treasury shares using the entrusted money as the source of funds as instructed by the trust administrator (stock dilution will not occur for the Trust set up in this fiscal year because the Bank's Shares will be purchased in the stock market). The Bank grants points (as described in (3) below) to Directors during the trust period, and the Trust makes Delivery, etc. of the Bank's Shares, etc.

Please note that the Trust may continue after the expiry of the trust of the Trust period by amending the trust agreement and adding a fund instead of setting up a new trust. In such a case, the trust period of the Trust is extended by three (3) years, and the three (3) fiscal years starting after the expiry becomes the new Applicable Period. The Bank will additionally contribute up to 300 million yen for each extended trust period, continue to grant points to Directors during this extended trust period, and the Trust will continue to make Delivery, etc. of the Bank's Shares, etc. during this extended trust period.

However, in the case of such additional contribution, if there are any of the Bank's Shares remaining in the trust asset (excluding those equivalent to the points granted to Directors and whose Delivery, etc. is not yet complete) and/or money (hereinafter called the "Remaining Shares, etc.") as of the last day of the trust period before the extension, the total amount of such Remaining Shares, etc. and the trust money additionally paid by the Bank is to be within the limit of 300 million yen.

Such extension of the trust period may continue to occur. The trust period of the Trust may be extended only for a certain period even when ending the Trust if there are any Directors in office who are likely to satisfy the beneficiary requirements at the expiry of the trust period, rather than ending the Trust immediately.

(3) The calculation method and maximum number of the Bank's Shares, etc. for Delivery, etc. to Directors

Every year at a certain designated time within the trust period, the Bank grants to Directors "fixed points" corresponding to the Director's position and "performance-linked points" based on the degree of achievement of performance targets in the fiscal year, calculated based on the point calculation formula as shown below in accordance with the share delivery regulations set by the Bank.

At the time of retirement of a Director, Delivery, etc. of the Bank's Shares, etc. will be made according to the accumulated number of points (hereinafter called "Accumulated Points").

(Fixed points)



Base amount of share-based remuneration for fixed points<sup>\*1</sup> / Average purchase price<sup>\*2</sup>

(Performance-linked points)

Base amount of share-based remuneration for performance-linked points<sup>\*1</sup> / Average purchase price<sup>\*2</sup> × performance-linked coefficient<sup>\*3</sup>

- \*1. “Base amount of share-based remuneration for fixed points” and “base amount of share-based remuneration for performance-linked points” are determined with considerations to the Director’s position, basic salary, overall ratio of monetary remuneration and share-based remuneration, and performance-linked proportion, etc.
- \*2. The average purchase price of the Bank’s Shares by the Trust. It is the average price of the Bank’s Shares purchased by the Trust after the extension if the Trust’s trust period has been extended by amending the trust agreement and adding a fund.
- \*3. The performance-linked coefficient varies depending on the degree of achievement of performance targets (e.g., consolidated profit attributable to shareholders of parent).

One (1) point represents one (1) share of the Bank. However, if a stock split or reverse stock split occurs during the trust period and it is deemed that adjustments of points are appropriate, the number of Bank’s Shares per point may be adjusted according to the ratio of the split or reverse split.

The maximum of the total points that can be granted to Directors per fiscal year is 600,000. This maximum of the total points was determined based on the maximum amount of trust fund described in above (2), while taking the past share prices, etc. into consideration. The Bank considers this number to be appropriate in light of the remuneration level of the Bank’s Directors, the past trends and projected number of Bank’s current Directors, their execution of operation and degree of contribution, and the Bank’s share price level.

(4) The timing of the Delivery, etc. of the Bank’s Shares, etc. to Directors

Directors who have satisfied the beneficiary requirements shall receive the Delivery, etc. of the Bank’s Shares, etc. corresponding to the number of Accumulated Points calculated as above (3) when they resign as Director. In such instance, the Directors shall receive the Bank’s Shares equivalent to 50% of the Accumulated Points (shares less than one unit are rounded up), while the Bank’s Shares equivalent to the remaining Accumulated Points are converted into cash within the Trust, and the Directors shall receive money equivalent to the proceeds from cash conversion.

If a Director passes away during the trust period, all of the Bank’s Shares corresponding to the points accumulated as of that time shall be converted into cash within the Trust, and the Director’s heir shall receive money equivalent to the proceeds from cash conversion. Also, in the event where a Director becomes a non-resident of Japan during the trust period, all of the Accumulated Points as of the time shall be converted into cash within the Trust, and the Director shall receive money equivalent to the proceeds from cash conversion.

(5) Voting rights on the Bank’s Shares

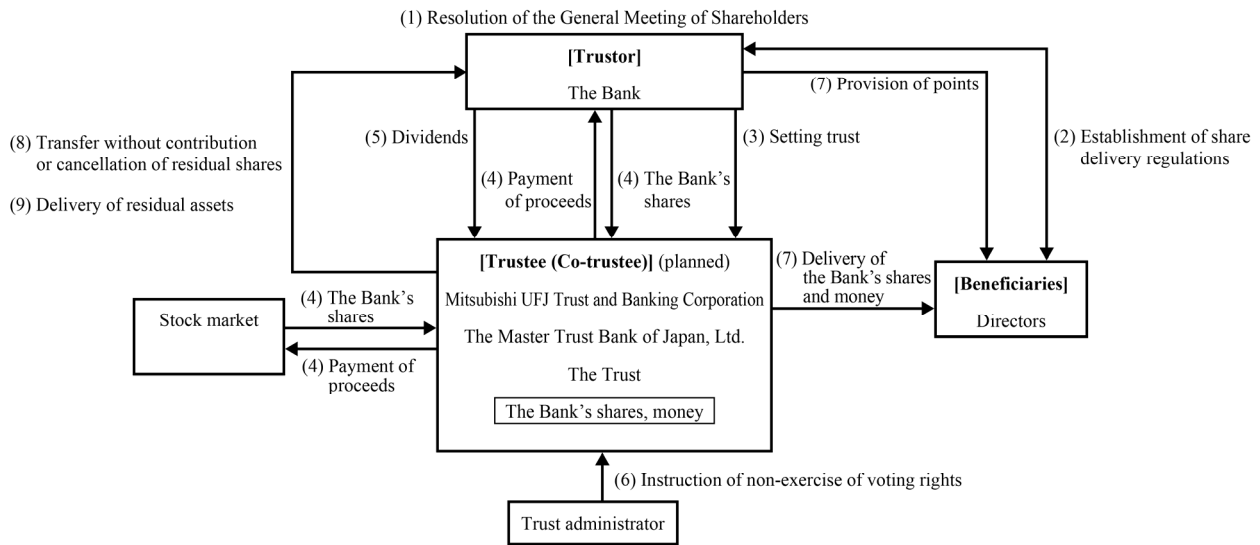
Voting rights for the Bank’s Shares in the Trust shall not be exercised during the trust period so as to ensure the neutrality to the management.

(6) Other details of the Plan

Other details concerning the Plan are determined by the Board of Directors meeting each time of setting up the Trust, amending a trust agreement, or additional contribution to the Trust.

Refer to the press release “Notice of Introduction of Performance-linked Share-based Remuneration Plan” issued on May 10, 2018, for details of the Plan.

(Reference) Extract from the press release issued on May 10, 2018



- 1) The Bank will request approval for the Directors' remuneration associated with the introduction of the Plan at the General Meeting of Shareholders.
- 2) The Bank will establish the share delivery regulations concerning the contents of the Plan in the Board of Directors meeting.
- 3) The Bank will entrust monetary fund to the trustee within the amount approved by the resolution of the General Meeting of Shareholders as the capital fund of the remuneration to the Bank's Directors, and set up the Trust whose beneficiaries are Directors who satisfy the beneficiary requirements.
- 4) The Trust purchases the Bank's Shares in the stock market or acquires them from the Bank's treasury shares using the entrusted money contributed in 3) as the source of funds as instructed by the trust administrator (acquisition is initially from the stock market). The number of shares acquired by the Trust will be within the limit approved in the General Meeting of Shareholders described in 1).
- 5) Dividends on the Bank's Shares in the Trust will also be paid just like those on other shares of the Bank.
- 6) Voting rights for the Bank's Shares in the Trust shall not be exercised throughout the trust period.
- 7) Certain numbers of points are granted annually to Directors according to their positions and the degree of achievement of performance targets during the trust period. Delivery, etc. of the Bank's Shares, etc. according to the Accumulated Points is made to the Director who satisfies the designated beneficiary requirements at the resignation of the Director.
- 8) In the case where there are any residual shares at expiry due to reasons such as failing to achieve targets, the Bank will either continue the Trust under the Plan or a new similar share-based remuneration plan by amending the trust agreement and adding fund, or transfer the given residual shares from the Trust to the Bank without contribution and cancel these shares by the resolution in the Board of Directors meeting.
- 9) Any residual assets after distribution to the beneficiaries at the expiry of the Trust will be returned to the Bank as the holder of the vested rights within the limit of the trust expense reserve after deducting the fund for purchasing the shares. Any assets in excess of the trust expense reserve will be donated to organizations that have no interests with the Bank.

Note: In the case where the Bank's Shares cease to exist in the Trust due to the Delivery, etc. of the Bank's Shares, etc. to Directors who meet the beneficiary requirements, the Trust is terminated before the expiration of the trust period. However, the Bank may additionally entrust monetary fund within the limit approved in the General Meeting of Shareholders to the Trust for additional purchase of the Bank's Shares.

[Details of the trust agreement]

- |                                      |  |
|--------------------------------------|--|
| 1) Type of the trust                 | Monetary trust other than individually operated monetary trust (third party benefit trust)   |
| 2) Purpose of the trust              | Providing incentive for Directors  |
| 3) Trustor                           | The Bank   |
| 4) Trustee                           | Mitsubishi UFJ Trust and Banking Corporation (planned)<br>(Co-trustee: The Master Trust Bank of Japan, Ltd. (planned))   |
| 5) Beneficiaries                     | Retired Directors who satisfy the beneficiary requirements   |
| 6) Trust administrator               | A third-party who is a specialized practitioner and has no interest with the Bank  |
| 7) Trust agreement date              | August 8, 2018 (planned)   |
| 8) Trust period                      | August 8, 2018 (planned) to August 31, 2020 (planned)  |
| 9) Commencement of the Plan          | August 8, 2018 (planned)   |
| 10) Voting right                     | Shall not be exercised   |
| 11) Type of the purchased shares     | Common shares of the Bank  |
| 12) Maximum amount of the trust fund | 200 million yen (planned) (including the trust fees and trust expenses)  |
| 13) Timing of the share acquisition  | August 9, 2018 (planned) to August 22, 2018 (planned)  |
| 14) Method of the share acquisition  | Purchase from the stock market (however, acquisition will be made either from the stock market or disposal of treasury shares when the trust period is extended)                                   |
| 15) Holder of the vested rights      | The Bank   |
| 16) Residual assets                  | The Bank as the holder of the vested rights may receive the residual assets within the limit of the trust expense reserve after deducting the funds for acquiring the shares from the trust money. |

[Details of the trust- and share-associated administration]

- |                                    |   |
|------------------------------------|---|
| 1) Trust-associated administration | It is planned that the Mitsubishi UFJ Trust and Banking Corporation and the Master Trust Bank of Japan, Ltd. will carry out the trust-associated administration as the trustees of this Trust.  |
| 2) Share-associated administration | It is planned that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will administer the distribution of the Bank's Shares to beneficiaries according to the administration service agreement. |

<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