



June 20, 2025

Company name:	The Bank of Saga Ltd.
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Notice Concerning Issuance of Stock Options as Share-Based Remuneration for Directors

The Bank of Saga Ltd. (the “Bank”) hereby announces that, at the Executive Directors’ Meeting held today, it has decided on matters concerning the offering of share subscription rights to be allotted as share-based stock option remuneration for its Directors, pursuant to Articles 236, 238, 240, and 399-13 of the Companies Act, and has resolved to solicit subscribers for such share subscription rights.

1. Reason for issuing share subscription rights as share-based stock option remuneration

In the fiscal year 2012, the Bank revised its executive remuneration system as part of its management reforms, abolishing the executive retirement benefit system and introducing stock options as share-based remuneration.

These share subscription rights as share-based stock option remuneration are intended to further motivate Directors to improve business performance and enhance corporate value while fostering a stronger awareness of shareholder-oriented management.

2. Terms and conditions of share subscription rights

(1) Name of share subscription rights

The Bank of Saga Ltd. 14th Series of Share Subscription Rights as Share-Based Remuneration

(2) Allotees of share subscription rights and number of allottees

10 Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) of the Bank

The 10 persons eligible to be granted share subscription rights are scheduled to be appointed as Directors (excluding Directors serving as Audit and Supervisory Committee Members) at the 96th Annual General Meeting of Shareholders scheduled to be held on June 27, 2025.

(3) Total number of share subscription rights: 2,200

The above figure represents the planned allotment. If the total number of rights to be allotted decreases due to non-subscription or other reasons, the total number of share subscription rights to be allotted shall be the total number of share subscription rights to be issued.

(4) Type and number of shares to be issued upon exercise of share subscription rights

The type of shares to be issued upon exercise of share subscription rights shall be common shares of the Bank, and the number of shares to be issued per share subscription right (the “number of shares to be

granted”) shall be 10 shares.

If the Bank carries out a stock split or a reverse stock split of its common stock, the Bank shall adjust the number of shares to be granted using the following formula. Fractional shares that arise as a result of this adjustment will be truncated.

Adjusted number of shares to be granted =

Number of shares to be granted prior to adjustment X stock split or reverse stock split rate

In addition, if the Bank carries out a merger or corporate split after the allotment date, and other similar adjustments to the number of shares to be granted are necessary, the number of shares to be granted shall be adjusted appropriately to the extent reasonable.

(5) Amount paid in exchange for share subscription rights

The amount based on the fair value calculated using the Black-Scholes Model shall be the amount paid in on the allotment date of the share subscription rights. Those who receive an allotment of share subscription rights (the “Share Subscription Rights Holders”) shall offset the remuneration receivable from the Bank in exchange for paying this amount.

(6) Allotment date of share subscription rights

July 22, 2025

(7) Value of assets to be contributed upon exercise of share subscription rights

The amount obtained by multiplying the amount paid in per share that may be issued through the exercise of the share subscription rights, which is set at one yen, by the number of shares to be granted.

(8) Exercise period of share subscription rights

From July 23, 2025 to July 22, 2055

If the last day of the exercise period falls on a holiday of the Bank, the business day immediately preceding such date shall be the last day.

(9) Matters concerning increase in share capital and legal capital surplus due to issuance of shares upon exercise of share subscription rights

(a) The amount of share capital to be increased due to the issuance of shares upon exercise of share subscription rights shall be one-half of the maximum amount of increase in share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest one yen.

(b) The amount of legal capital surplus to be increased due to the issuance of shares upon exercise of share subscription rights shall be the maximum amount of increase in share capital, etc. as described in (a) above, less the amount of share capital set forth in (a) above.

(10) Restrictions on the transfer of share subscription rights

The acquisition of share subscription rights through transfer must be approved by the Bank’s Board of Directors.

(11) Conditions for the exercise of share subscription rights

(a) Share Subscription Rights Holders may exercise their share subscription rights only if they have lost their position as Director of the Bank at the time of exercise. In such cases, Share Subscription Rights Holders may exercise their share subscription rights in full only during the period until ten days have lapsed from the day following the date on which the position of Director of the Bank is lost (the “Exercise Commencement Date”).

(b) In the event of the death of a Share Subscription Rights Holder, if the share subscription rights are inherited solely by one of the Share Subscription Rights Holder’s legal heirs (the “Successor”), the Successor may exercise the rights in accordance with the share subscription rights allotment agreement, subject to the conditions set forth in each of the following items. However, any person who is deemed to have committed a serious criminal offense under applicable criminal law is not eligible to become a Successor.

(i) In the event of the death of a Successor, their heirs shall not be entitled to inherit the share subscription rights.

- (ii) A Successor must complete the inheritance procedures prescribed by the Bank within ten months from the commencement of inheritance and by the last day of the exercise period.
- (iii) A Successor may exercise the share subscription rights in full only within the exercise period specified in (8) above and within two months following the completion of the inheritance procedures prescribed by the Bank.

(12) Matters concerning the acquisition of share subscription rights

- (a) If, prior to the exercise of share subscription rights, share subscription rights can no longer be exercised in accordance with the provisions in (11) above or the provisions of a share subscription rights allotment agreement, the Bank may acquire the share subscription rights without contribution on a date separately determined by the Bank's Board of Directors.
- (b) If a proposal for the approval of a merger agreement in which the Bank is the dissolving company, a demerger agreement by transfer to an existing company or demerger plan by transfer to a newly established company in which the Bank is the split company, or a share exchange agreement or share transfer plan in which the Bank becomes a wholly owned subsidiary is approved by the Bank's General Meeting of Shareholders (or the Bank's Board of Directors if a General Meeting of Shareholders is unnecessary), the Bank may acquire any unexercised share subscription rights as of a date separately determined by the Bank's Board of Directors without contribution on said date.

(13) Handling of share subscription rights in the event of reorganization

If the Bank carries out a merger (limited to cases in which the Bank is dissolved due to the merger), a demerger by transfer to an existing company, a demerger by transfer to a newly established company, a share exchange, or a share transfer (collectively, the "Reorganization"), share subscription rights of a stock company as defined in Article 236, Paragraph 1, Item 8, Subitems (a) through (e) of the Companies Act (the "Reorganized Company") shall be allotted in respect of the share subscription rights that remain unexercised as of the effective date of the Reorganization (the "Remaining Share Subscription Rights"), under the following conditions. In such cases, the Remaining Share Subscription Rights shall be extinguished, and new share subscription rights of the Reorganized Company shall be issued.

Provided, however, that this shall apply only if the issuance of share subscription rights of the Reorganized Company is stipulated in the merger agreement, demerger agreement by transfer to an existing company, demerger plan by transfer to a newly established company, share exchange agreement, or share transfer plan stipulates, in accordance with the following conditions.

- (a) Number of share subscription rights of the Reorganized Company to be allotted
The number of share subscription rights to be allotted shall be the same as the number of Remaining Share Subscription Rights held by the Share Subscription Rights Holder.
- (b) Type and number of shares of the Reorganized Company to be issued upon exercise of share subscription rights
The type of shares to be issued upon exercise of share subscription rights shall be common shares of the Reorganized Company, and the number of common shares of the Reorganized Company to be allotted upon exercise of share subscription rights shall be determined in accordance with (4) above after taking into consideration factors such as the terms and conditions of the Reorganization.
- (c) Value of assets to be contributed upon exercise of share subscription rights
The value of assets to be contributed upon exercise of the allotted share subscription rights shall be the amount obtained by multiplying the post-reorganization exercise price specified below by the number of shares to be issued upon exercise of each relevant share subscription right. The post-reorganization exercise price shall be one yen per share of the Reorganized Company that may be issued through the exercise of the allotted share subscription rights.
- (d) Exercise period of share subscription rights
The period shall commence on the later of the commencement date of the exercise period set forth in (8) above and the effective date of the Reorganization, and shall end on the expiration date of the exercise period set forth in (8) above.

- (e) Matters concerning the acquisition of share subscription rights
To be determined in accordance with (12) above.
- (f) Restrictions on the transfer of share subscription rights
The acquisition of share subscription rights through transfer must be approved by the Board of Directors of the Reorganized Company.
- (g) Matters concerning increase in share capital and legal capital surplus due to issuance of shares upon exercise of share subscription rights
To be determined in accordance with (9) above.
- (14) Treatment of fractions less than one share
Any fractional shares in the number of shares to be issued to Share Subscription Rights Holders who exercise share subscription rights shares shall be truncated.
- (15) Non-issuance of share subscription rights certificates
The Bank will not issue certificates for the share subscription rights.
- (16) Any matters not specified in these terms and conditions shall be governed by the terms and conditions of the share subscription rights allotment agreement to be concluded between the Bank and the allottees.
- (17) Office handling payment for assets to be contributed upon exercise of share subscription rights
Head Office Business Department of The Bank of Saga Ltd.