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Notice Regarding the Disposal of Treasury Shares as Restricted Stock Compensation for the Employee Shareholding Association

The Kiyo Bank, Ltd. (the “Bank”) announced the consideration of introducing a Restricted Stock (“RS”) Compensation Plan for Employee Shareholding Association (the “plan”) as of May 12, 2025, and hereby announces that at the Board of Directors meeting held today, it resolved to dispose of the Bank’s treasury stock as restricted stock (the “Treasury Stock Disposal” or the “Disposal”), with the Kiyo Financial Group Employee Shareholding Association (the “ESA”) as the scheduled allottee, based on the Plan as follows.

1. Overview of the Disposal

(1)	Date of disposal	November 28, 2025
(2)	Type and number of shares to be disposed of	357,240 shares of the common stock of the Bank (Note)
(3)	Disposal price	JPY 2,480 per share
(4)	Total disposal amount	JPY 885,955,200 (Note)
(5)	Method of disposal (scheduled allottee)	The number of shares applied for as determined by the ESA within the range of the number of shares to be disposed of as stated in (2) above will be allotted to the ESA on the condition that an application for subscription is made by the ESA using the method of third-party allotment (the number of allotted shares will be the number of shares to be disposed of). (Kiyo Financial Group Employee Shareholding Association: 357,240 shares)
(6)	Other	The Bank has submitted an extraordinary report on the Treasury Stock Disposal in accordance with the Financial Instruments and Exchange Act.

(Note) The “number of shares to be disposed of” and the “total disposal amount” are calculated based on the assumption that 130 shares of the Bank’s common stock will be granted as restricted stock to each of the 2,748 employees of The Kiyo Bank, Ltd. (the “Bank”) or the Bank affiliates, which is the maximum number of persons who are eligible under the Plan. The number of shares to be (collectively, the “Companies”) actually disposed of and the actual total disposal amount will be determined according to the number of employees of the Bank or its affiliates who agree to the Plan (the “Eligible Employees”) after recommending membership to non-members of the ESA and confirmation of consent to the Plan among the members of the ESA. Specifically, as stated in (5) above, the number of shares applied for

as determined by the ESA will be the “number of shares to be disposed of,” and the amount obtained by multiplying such number by the disposal price per share will be the “total disposal amount.” Please note that the Bank or its affiliates will uniformly provide each Eligible Employee with a monetary claim of JPY 322,400, and the Bank will uniformly allot 130 shares to each Eligible Employee through the ESA.

2. Purpose of and Reason for the Disposal

The Plan was resolved at the Board of Directors meeting held today to commemorate the 130th anniversary of the Bank’s founding. Under the Plan, the Bank will provide eligible employees—those who are members of the ESA and employed by the Bank or its affiliates—with an opportunity to acquire shares of the Bank’s common stock to be issued or disposed of by the Bank through the ESA as RS.

This initiative is intended not only to support the eligible employees in building their personal assets as part of an enhanced welfare program, but also to incentivize them to contribute to the sustainable enhancement of the Bank’s corporate value. Furthermore, the Plan aims to promote greater value sharing between the eligible employees and the Bank’s shareholders.

An overview of the Plan is as follows:

[Overview of the Plan]

Under the Plan, the Eligible Employees will be granted monetary claims (the “Special Incentive”) by the Bank or its affiliates as a special incentive for the grant of 130 shares per employee as RS, and the Eligible Employees will contribute the Special Incentive to the ESA. The ESA will then provide to the Bank the Special Incentive contributed by the Eligible Employees by way of an in-kind contribution, and in turn shall receive the disposal of the Bank’s common stock as RS.

The amount per share to be paid for the Bank’s common stock in cases where such common stock is to be disposed of based on the Plan shall be resolved by the Board of Directors within a scope that is not particularly advantageous to the ESA (and by extension to the Eligible Employees) based on the closing price of the Bank’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to the disposal.

In disposing of the Bank’s common stock based on the Plan, the Bank and the ESA will execute a RS allotment agreement, the outline of which will include, among other things, that (1) the ESA is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted shares to a third party during a certain restriction period (the “Restriction”), and (2) the Bank shall make acquisition of the allotted shares without payment of any contribution if certain events occur. Furthermore, the Special Incentive will be granted to the Eligible Employees on the condition that the RS allotment agreement is executed between the Bank and the ESA.

Moreover, until the Restriction is lifted, based on the ESA Rules, the ESA Detailed Operation Rules and other rules of the ESA (collectively, the “ESA Rules, etc.”) (Note), the Eligible Employee will be restricted from withdrawing the Eligible Employee’s member equity interest pertaining to the Allotted Shares (as defined below) to be held by the Eligible Employee in proportion to the monetary claims contributed to the ESA (the “Restricted Stock Equity Interest”).

(Note) The ESA is scheduled to resolve for amendment of the ESA Rules, etc. in order to comply with the Plan prior to receiving the Treasury Stock Disposal at the meeting of the ESA’s governing body to be held promptly after the resolution of the Board of Directors pertaining to the Treasury Stock Disposal.

In the Treasury Stock Disposal, the Bank’s common stock (the “Allotted Shares”) will be disposed of to the ESA as a result of the ESA, as the scheduled allottee, contributing all of the Special Incentive contributed from the Eligible Employees as a contribution in-kind based on the Plan. In the Treasury Stock Disposal, the overview

of the RS allotment agreement to be executed between the Bank and the ESA (the “Allotment Agreement”) is as described in “3. Overview of Allotment Agreement” below. The number of shares to be disposed of in the Treasury Stock Disposal is expected to become fixed in due course as indicated in (Note) of 1. above; however, assuming that all 2,748 employees of the Bank or its affiliates, which is the maximum number of persons who could be eligible for the Plan, join the ESA and agree to the Plan, a maximum of 357,240 shares will be disposed of. Please note that the scale of stock dilution based on the Treasury Stock Disposal is, when based on the foregoing number of shares disposed of, 0.53% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 67,300,000 shares as the total number of issued shares as of March 31, 2025, and is 0.56 % of 638,762 voting rights as the total number of voting rights as of March 31, 2025.

The introduction of the Plan is intended to enhance the welfare of the Eligible Employees by providing them, through the ESA, with an opportunity to acquire shares of the Bank’s common stock to be issued or disposed of by the Bank as RS, thereby supporting their asset formation. In addition, the Plan aims to incentivize the Eligible Employees to contribute to the sustainable enhancement of the Bank’s corporate value and to promote greater value sharing between the Eligible Employees and the Bank’s shareholders. The Bank believes that the Plan will contribute to the overall increase in the corporate value of the Bank group. Furthermore, the number of shares to be disposed of in this disposal of treasury stock and the scale of dilution are considered reasonable, and the impact on the market, even taking into account the scale of dilution, is expected to be minimal.

Please note that the Treasury Stock Disposal will be implemented on the condition that the amended ESA Rules, etc. become effective by the day preceding the date of disposal of the Treasury Stock Disposal, and that the Allotment Agreement between the Bank and the ESA will be concluded during the application period.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From November 28, 2025 to November 28, 2028

(2) Condition for lifting of the Restriction

On the condition that an Eligible Employee has been a member of the ESA on a continuing basis during the transfer restriction period, the Restriction shall be lifted as of the expiration of the transfer restriction period for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee who satisfies such condition.

(3) Treatment upon terminating membership of the ESA

In cases where an Eligible Employee terminates membership of the ESA during the transfer restriction period due to a justifiable reason—such as appointment as an officer, mandatory retirement (excluding honorary retirement), retirement upon expiration of the employment contract, transfer to a group company or an external organization, or other legitimate grounds (including cases where the employee loses membership qualification or submits a withdrawal request, and also including termination due to death)—the Bank shall lift the transfer restriction on all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of the date on which the ESA receives the withdrawal request (or, in the case of loss of membership qualification, the date such qualification is lost; or, in the case of death, the date of death; collectively referred to as the “Termination Application Receipt Date”).

(4) Treatment upon becoming a non-resident

In cases where the Bank or its affiliates determine that an Eligible Employee will fall under the category of a non-resident during the transfer restriction period due to overseas transfer or any other cause, effective the date on which such determination is made (the “Determination Date for Overseas Transfer”), the Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest

held by such Eligible Employee on the Determination Date for Overseas Transfer.

(5) Acquisition without Payment of Any Contribution by the Bank

If an Eligible Employee commits any act in violation of laws and regulations during the transfer restriction period, or falls under certain circumstances specified in the Allotment Agreement, the Bank will automatically acquire without payment of any contribution all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by such Eligible Employee at that time. In addition, the Bank will automatically acquire without payment of any contribution the Allotted Shares for which the Restriction is not lifted as of the time of expiration of the transfer restriction period or as of the time of lifting of the Restriction prescribed in (3) or (4) above.

(6) Management of stocks

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the ESA at Nomura Securities Co., Ltd. to ensure that the ESA neither transfers, creates any security interest on, nor otherwise disposes of the Allotted Shares during that period. Furthermore, pursuant to the provisions of the ESA Rules, etc., the ESA shall register and manage the Restricted Stock Equity Interest separately from any other equity interest held by the Eligible Employees as members of the ESA (the “ordinary equity interest”).

(7) Treatment upon reorganization, etc.

In cases where, during the transfer restriction period, approval is obtained for a merger agreement wherein the Bank becomes the extinct Bank, or a share exchange agreement or a share transfer plan wherein the Bank becomes a wholly owned subsidiary, or other matters regarding reorganization, etc., based on the resolution of the Board of Directors, at a general meeting of shareholders of the Bank (however, in cases where the reorganization, etc., in question does not require approval from a general meeting of shareholders of the Bank, the Board of Directors of the Bank), the Restriction shall be lifted, pursuant to a resolution of the Board of Directors, for the total number of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESA, as of the date of such approval immediately before the business day preceding the effective date of the reorganization, etc.

4. Basis of Calculation and Specific Details of the Disposal Amount

The Treasury Stock Disposal to the ESA as the scheduled allottee is conducted by the Eligible Employees contributing the Special Incentive to the ESA for the grant of RS as property contributed in kind. To eliminate any arbitrariness in the disposal amount, the closing price for the Bank’s common stock on June 26, 2025 (the business day before the day of resolution of the Board of Directors) on the Tokyo Stock Exchange Prime Market of JPY 2,480 is used as the disposal amount. As this is the market share price immediately before the date of resolution of the Board of Directors, the Bank believes that it is rational and not a particularly advantageous amount.

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of the Bank’s common stock on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price (any amount less than 1 yen shall be rounded off)	Deviation rate
1 month (May 27, 2025 to June 26, 2025)	JPY 2,538	▲2.29 %
3 months (March 27, 2025 to June 26, 2025)	JPY 2,403	+3.20 %
6 months (December 27, 2024 to June 26, 2025)	JPY 2,317	+7.03 %

The Audit and Supervisory Committee of the Bank, which consists of six members including four outside

directors, has expressed its opinion that the above disposal amount is not particularly advantageous to the planned allottee and is lawful, in light of the fact that the disposal of treasury stock is intended for the purpose of introducing the Plan, and that the disposal amount is based on the closing price of the Bank's common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors.

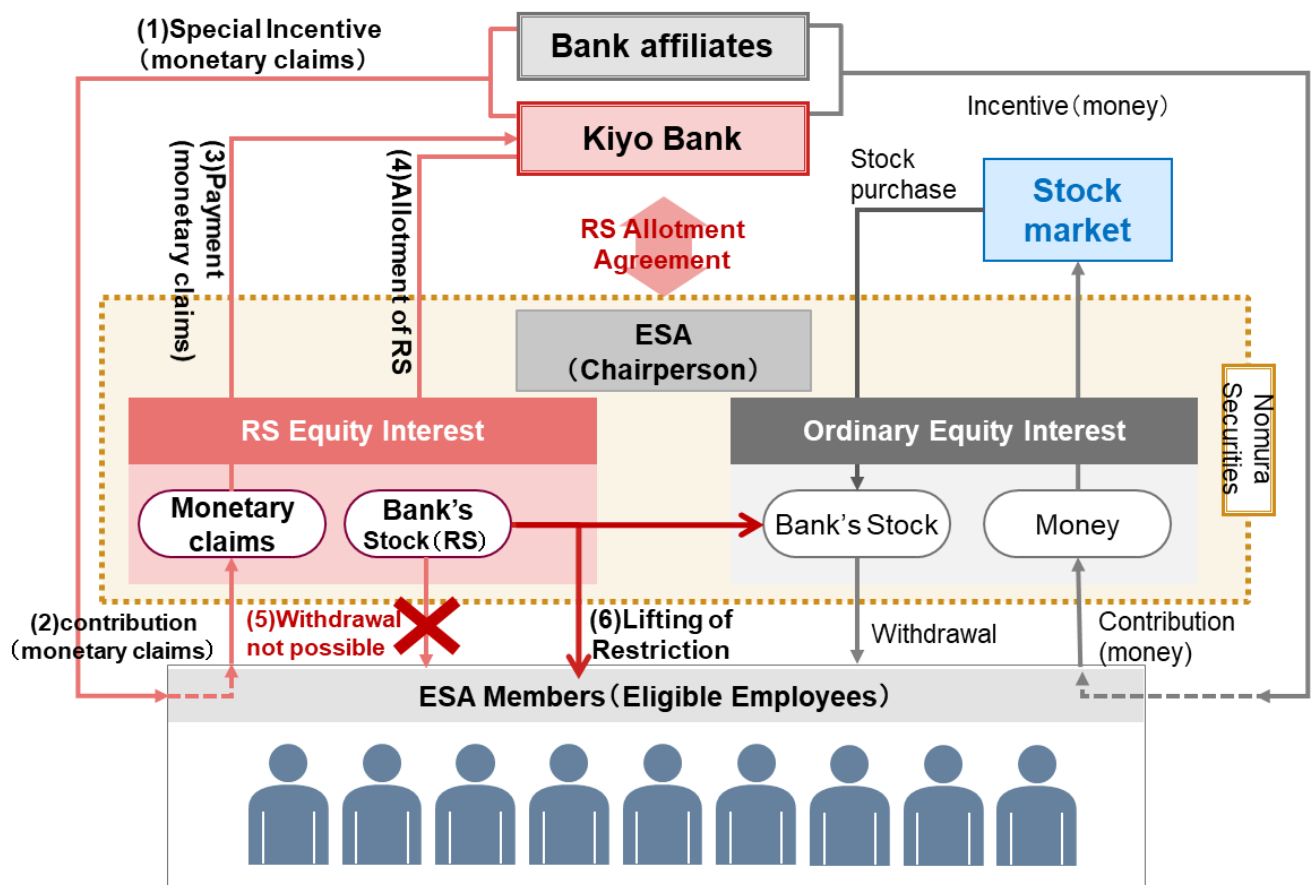
5. Matters Related to Procedures under the Banks's Code of Conduct

With regard to the Treasury Stock Disposal, since (1) the dilution rate is less than 25% and (2) it does not involve a change of the controlling shareholder, there is no need to take procedures to acquire the opinion of an independent third party and confirm the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Scheme of the Plan]

- (1) The Bank and its affiliates will grant monetary claims as the Special Incentive for the grant of the restricted stock to the Eligible Employees who agree to the Plan.
- (2) The Eligible Employees who agree to the Plan will contribute the monetary claims of (1) above to the ESA.
- (3) The ESA will collect and contribute to the Bank the monetary claims contributed in (2) above.
- (4) The Bank will allot the Allotted Shares to the ESA as the restricted stock (referred to as “RS” in the following table).
- (5) The Allotted Shares will be deposited in a dedicated account opened by the ESA through Nomura Securities Co., Ltd, and the withdrawal of the Allotted Shares will be limited during the transfer restriction period.
- (6) After lifting of the Restriction, the Allotted Shares will be transferred to the ordinary equity interest or a securities account held under the name of the Eligible Employee.



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