The transactions pursuant to the joint share transfer described in this document involve securities of a Japanese company. The joint share transfer is subject to disclosure requirements of Japan that are different from those of the United States. Financial information included in this document, if any, was excerpted from financial statements prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuer is located in Japan and some or all of its officers and directors reside outside of the United States. You may not be able to sue a Japanese company or its officers or directors in a Japanese court for violations of the U.S. securities laws. It may be difficult to compel a Japanese company and its affiliates to subject themselves to a U.S. court's judgment. You should be aware that the issuer may purchase securities otherwise than under the joint share transfer, such as in the open market or through privately negotiated purchases.

This document has been translated from the Japanese-language original for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.

Supplemental Document for Extraordinary General Meeting of Shareholder and General Meeting of Class Shareholders by Class Shareholders

Michinoku Bank

Securities code: 8350

To Our Shareholders

Briefing Regarding Business Integration with The Aomori Bank, Ltd.

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THE MICHINOKU BANK, LTD.

1. Background and Objective of the Business Integration

Background of business integration

Reduction in profit margins between lending and deposits and decrease in earnings from securities management due to continued low interest-rate environment

Changes in the business environment such as declining birthrate, aging population, and shrinking workforce

Addressing changes in the social structure due to COVID-19

Diversification of customer needs due to advancement of digital technology

Fundamental principle of business integration

To create a new group that can contribute to regional and customer growth and development, exploiting the group strengths of both banks without being bound by financial frameworks

Purpose of business integration

To achieve sustained growth and contribute to the further development of local industry and improvement of the livelihood of local residents by maintaining and improving the stability of financial systems and the provision of financial services

- ✓ Reinforce the financial intermediation function and financial services by combining the know-how, information, and networks of both groups
- ✓ Expand business fields by leveraging regional advantages
- ✓ Create a sound business foundation through rationalizing and improving efficiency of business

2. Overview of Business Integration

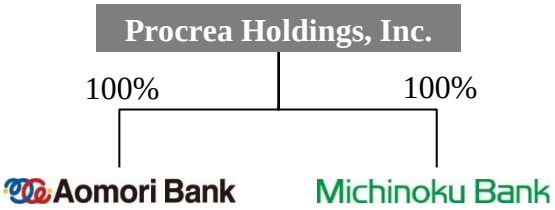
Method of share transfer

- The Banks will become wholly owned subsidiary companies resulting from a share transfer, and the newly established joint holding company will become the wholly owning parent company resulting from a share transfer.
- The basic policy is for the Banks to merge aiming for two years after the effective date of the business integration.

Share transfer ratio

	Aomori Bank	Michinoku Bank
Common shares	1	0.46
Class A preferred shares	-	0.46

Form of business integration



Business integration schedule

November 12, 2021
Execution of business integration agreement

November 26, 2021
Preparation of share transfer plan

January 26, 2022
Extraordinary shareholders' meeting of both banks (resolution for approval of share transfer plan)

April 1, 2022 (scheduled)
Establishment of the holding company (effective date) and listing date of the holding company

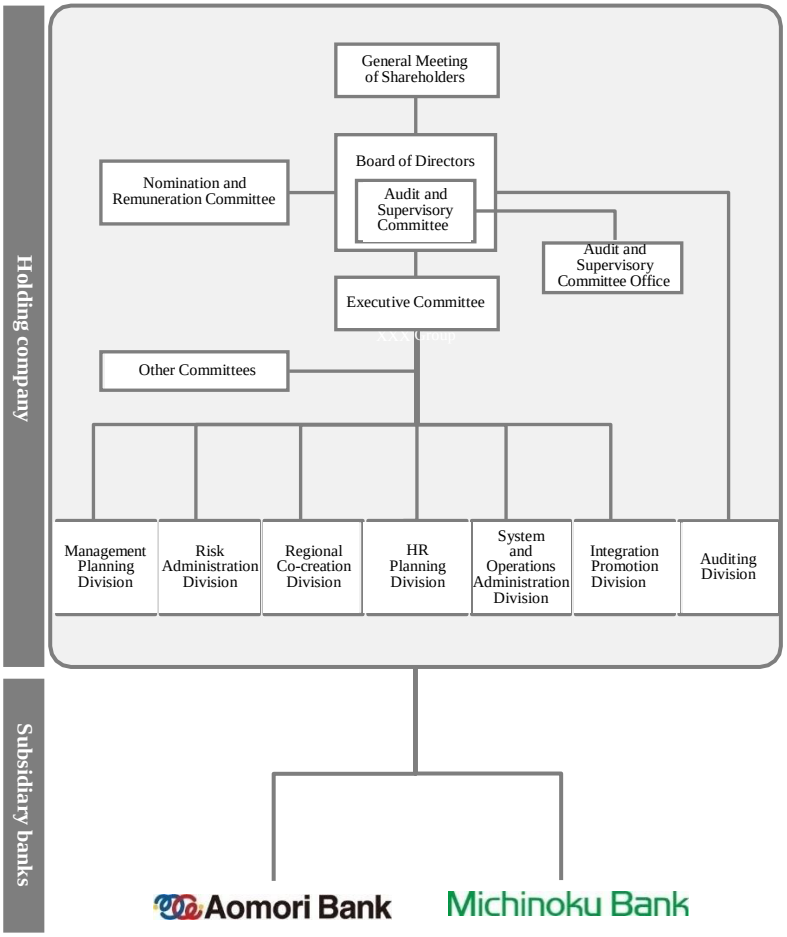
FY 2024 (tentative)
Establishment of a new bank pursuant to the integration of the banks

3. Overview of Group after Business Integration

Overview of holding company

	Procrea Holdings, Inc.
Location of Head Office	3-1 Katta 1-chome, Aomori-shi, Aomori
Location of Main Head Office Function	9-30 Hashimoto 1-chome, Aomori-shi, Aomori
Corporate Organs	Company with Audit and Supervisory Committee
Representative Directors	Representative Director and President: Susumu Narita (President and Director of Aomori Bank) Representative Director and Vice President: Takayuki Fujisawa (President and Director of Michinoku Bank)
Capital	20 billion yen
Scheduled Date of Establishment	April 1, 2022
Listing Stock Exchange	First Section of the Tokyo Stock Exchange (Scheduled to change to Tokyo Stock Exchange Prime Market on April 4, 2022)

Group organizational chart



4. Officers

Planned Officers of the Holding Company

(As of April 1, 2022)

Title and Name (current position)		
Representative Director and President	Susumu Narita	(Current position: President and Director, Aomori Bank)
Representative Director and Vice President	Takayuki Fujisawa	(Current position: President and Director, Michinoku Bank)
Director	Tsutomu Inaniwa	(Current position: Director, Senior Executive Officer, Michinoku Bank)
Director	Keitaro Ishikawa	(Current position: Director, Senior Managing Executive Officer, Aomori Bank)
Director	Tsuyoshi Tamura	(Current position: Managing Executive Officer, Aomori Bank)
Director	Yo Mori	(Current position: Managing Executive Officer, Aomori Bank)
Director	Motomi Shiratori	(Current position: Executive Officer, Aomori Bank)
Director	Shinji Suto	(Current position: Senior Executive Officer, Michinoku Bank)
Outside Director	Katsunori Mikuniya	(Current position: Senior Advisor, Open House Co., Ltd.)
Outside Director	Kazunari Higuchi	(Current position: Outside Director, Michinoku Bank)
Outside Director (Audit & Supervisory Committee Member)	Akira Nakagawa	(Current position: Director (Audit & Supervisory Committee Member), Aomori Bank)
Outside Director (Audit & Supervisory Committee Member)	Masashi Iwakigawa	(Current position: Senior Advisor, Hurex k.k.)
Outside Director (Audit & Supervisory Committee Member)	Tetsutaro Wakatsuki	(Current position: Outside Director (Audit & Supervisory Committee Member), Michinoku Bank)
Outside Director (Audit & Supervisory Committee Member)	Mie Ishida	(Current position: Outside Director (Audit & Supervisory Committee Member), Aomori Bank)

5. Company Name and Business Principles

Company Name

Procrea Holdings, Inc.

Challenge and Creation

The name “Procrea” is a combination of the Latin words *provocatio* (meaning “challenge”)and *creare* (meaning “create”). It expresses our mission to take on the challenge of bringing out the potential of the region and to create the future of the region, and our stance to move forward with our customers as professionals.

“Creating the Future of the Region”

“Continuing to Walk Side by Side with Customers”

“Giving Shape to the Ideas of Each and Every Person”

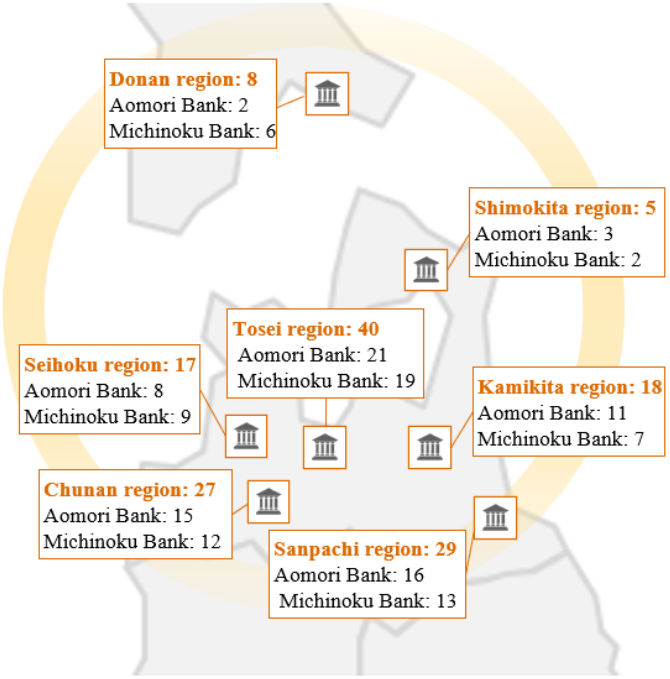
Commitments embedded in the principles:

- We will create a bright and enriching future by ensuring that we maintain our soundness as a company, and activelytaking on the challenge of tackling regional issues and bringing out the region’s potential.
- We will live up to customers’ trust in us and continue to walk side by side with them to achieve growth and development, by improving our expertise and pursuing services that exceed expectations.
- We will build an organization full of confidence and pride where the work is worthwhile, and give shape to each andevery person’s ideas, by valuing autonomy and transforming diverse individuality into our strength.

6. Base of Operations of the New Group

Main location

We will have a strong base of operations, stretching from Aomori Prefecture to the Donan region (southern Hokkaido).



Number of locations*

Prefecture		Aomori Bank	Michinoku Bank	Total of Both Banks
Aomori Prefecture		74	62	136
	Tosei region	21	19	40
	Chunan region	15	12	27
	Sanpachi region	16	13	29
	Seihoku region	8	9	17
	Kamikita region	11	7	18
	Shimokita region	3	2	5
Hokkaido Prefecture		3	7	10
Iwate Prefecture		1	2	3
Miyagi Prefecture		1	1	2
Akita Prefecture		2	2	4
Tokyo Prefecture		1	1	2
Total		**82**	**75**	**157**

*As of September 30, 2021

7. Basic Strategy and Synergies of the New Group

We will work to reinforce the financial intermediation function and financial services, expand business fields, and contribute to the development of the regional economy by creating business resources through rationalizing and improving efficiency of business by combining our know-how and networks.

A Reinforcement of financial intermediation function and financial services

- **Build a supporting system in line with customers' business strategies and life stages, and nurture strong businesses that will support the region**

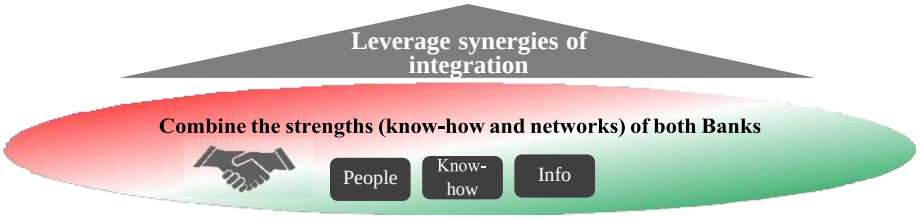
B Expansion of business fields

- **Evolve business models and contribute to the further development of the region and improvement of the quality of life of local residents**

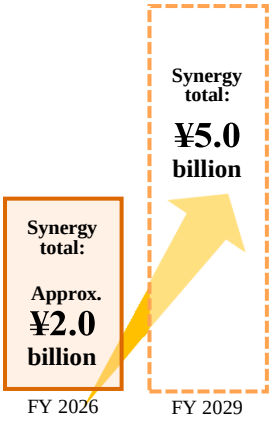
C Rationalization and efficiency of business

- **Streamline head office organizations**
- **Optimize branch networks**
- **Digitalize operations**
- **Standardize systems**





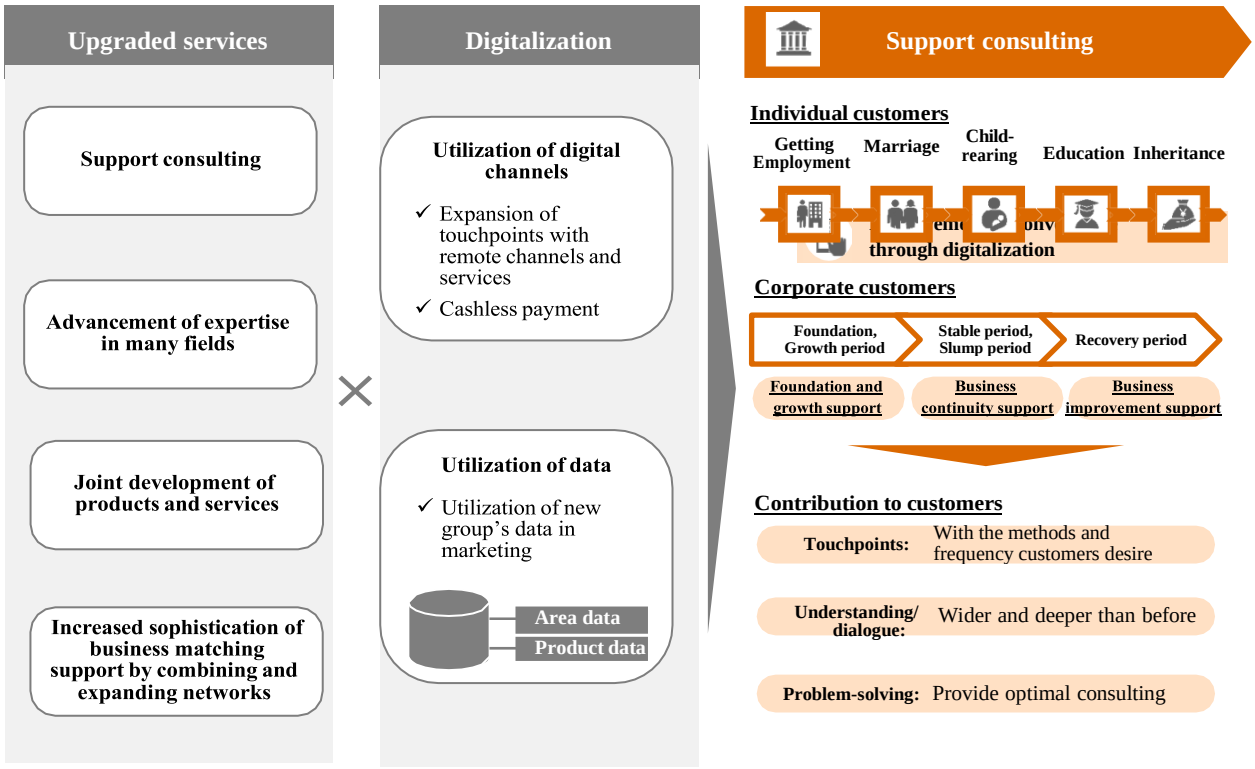
Synergies (targets)



Synergy total =
+) Top-line synergies
+) Cost synergies
–) One-time expenses

8. A *Reinforcement of Financial Intermediation Function and Financial Services*

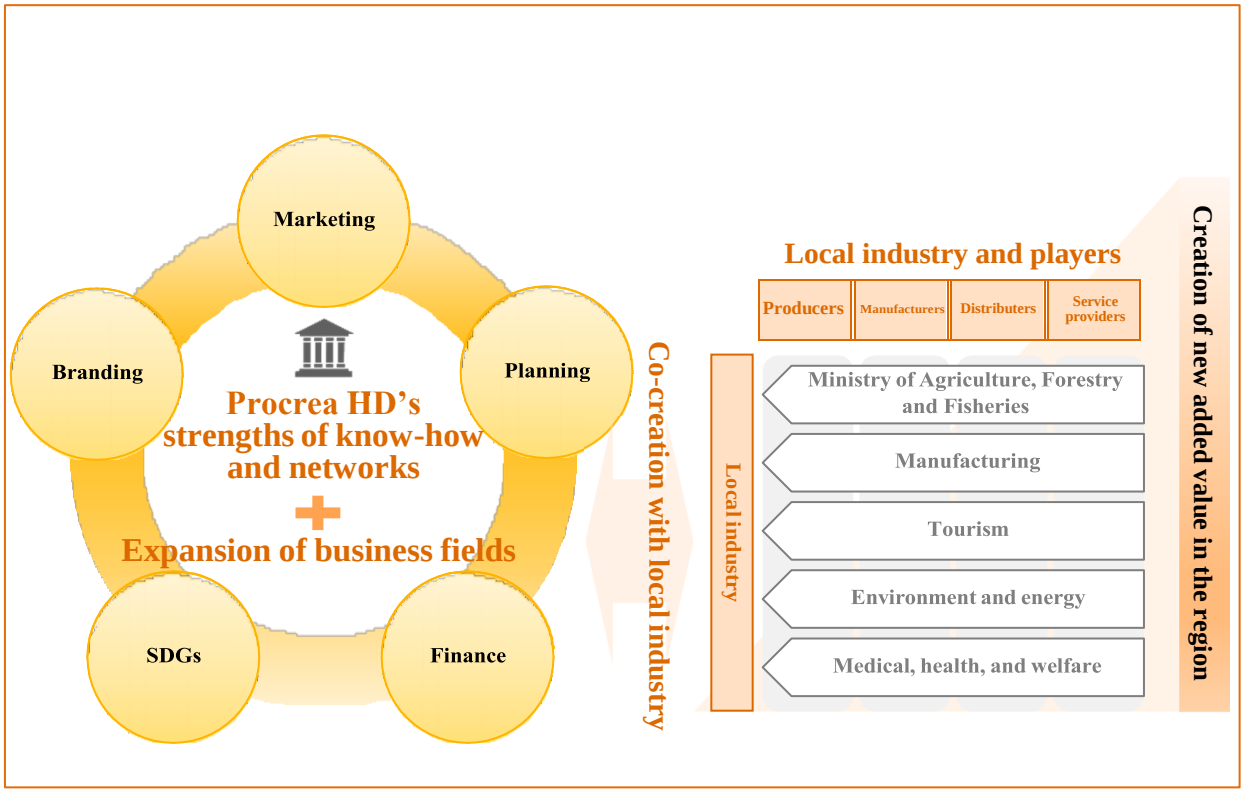
We will provide support consulting that takes into consideration and resolves customers' real needs and issues. We will also provide advanced expert solutions suitable for customers' life stages, and strive to provide support that is both wide and in-depth. Furthermore, we will actively work to digitalize services and be a group that is always by the side of the customer.



9. B *Expansion of Business Fields*

Leveraging the know-how and networks of the new group, we will work to create new added value with businesses and players that take on the challenge of bringing out the potential of the region by expanding business fields.

Co-creation with businesses and players leveraging the potential of the region

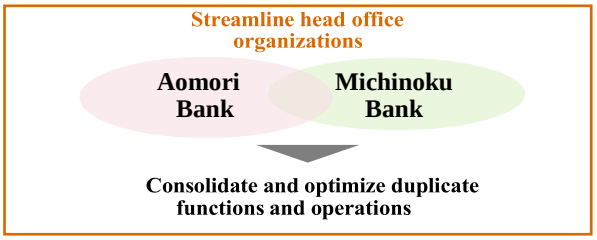


10. C Rationalization and Efficiency of Business

By rationalizing and improving efficiency of business through the business integration, we will create a sound business foundation and redistribute the business resources we have created into growth fields.

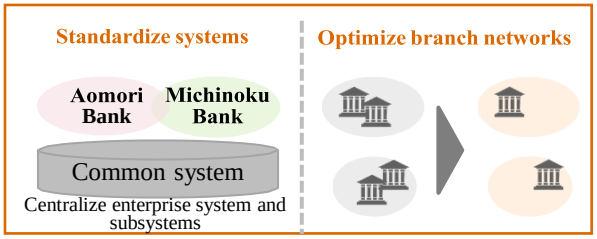
Streamlining of organizational structure

- **Consolidate duplicate head office and subsidiary functions**
- **Optimize duplicate administrative operations**



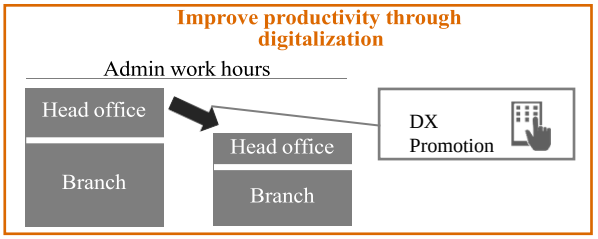
Improvement of efficiency of Infrastructure, etc.

- **Standardize systems**
- **Optimize branch networks**



Digitalization of operations

- **Improve productivity through digitalization**
  - Improve efficiency of operations (reduce admin work hours)



Create business resources and redistribute them into growth fields

11. Contribution to the Sustained Growth of the Region

The new group will contribute to regional revitalization and activation as a member of the regional community to address the issues faced by the community.

Provide reliable and trustworthy services

- We will continue to provide universal services that are safe and secure
- We will provide services that meet customers' diversifying needs





Innovation not bound by financial frameworks

- We will take on challenges to bring about innovation for the region and customers that is not bound by financial frameworks.





Efforts to boost the attractiveness of the region and achieve mutual growth

- We will contribute to improve the attractiveness of the region by bringing out its potential and growing with the region over the long-term.





12. Q&A Regarding the Business Integration

Q1 What is a share transfer?

A1

A share transfer is when one or two or more companies transfer all of their outstanding shares to the company which they newly establish.
In the current business integration, Michinoku Bank and Aomori Bank will jointly establish Procrea Holdings, Inc. and all the shares owned by both banks' shareholders will be transferred to Procrea Holdings, Inc.

Q2 What will happen to the shares of Michinoku Bank that I own?

A2

Shareholders of Michinoku Bank shall receive 0.46 common share of Procrea Holdings, Inc. per one Michinoku Bank's common share.
As a result of the business integration by establishing a holding company by means of joint share transfer, after the establishment of the holding company, Michinoku Bank and Aomori Bank will become wholly owned subsidiaries of the holding company.
Consequently, the banks are scheduled to be delisted from the Tokyo Stock Exchange on March 30, 2022, but the holding company is planned to be listed on April 1, 2022 alternatively.
The shares of the holding company will be automatically be allotted to the current shareholders on April 1, 2022 in accordance with the share transfer ratio. If you decide to retain the shares of the holding company, there is no special procedures required on the shareholders' side.
Please note that both banks' shares may be traded through Tokyo Stock Exchange until March 29, 2022, the day before the banks' shares will be delisted therefrom.

Q3 What will happen to the Michinoku Bank's year-end dividend for the fiscal year ending in March 2022?

A3

Year-end dividend for the fiscal year ending in March 2022 is planned to be paid from Michinoku Bank to the shareholders and registered pledgees of shares listed or recorded in the final register of shareholders as of March 31, 2022.

Q4 What will happen to the shareholder benefit plans?

A4

Michinoku Bank's shareholder benefits based on the record date of March 31, 2022 are planned to be implemented with the content similar to the previous fiscal year. The holding company's shareholder benefits plan shall be discussed between Michinoku Bank and Aomori Bank and announced once decided including the content thereof.

Q5 What shall I do when I have transactions such as deposits and loans with both banks?

A5

Transactions with Michinoku Bank and Aomori Bank respectively may be continued as before even after the transition into the holding company system by means of joint share transfer. We always value your patronage greatly.
Regarding the transactions after the merger of the two banks, which is planned to happen in approximately two years after the establishment of the holding company, we aim to achieve deep understanding of our customers' needs upon evolving deep relationships with them and attempt to provide comprehensive services to our customers.

Q6 What shall I do when I end up having shares less than one unit due to the share transfer?

A6

Shareholders who will be allotted with shares less than one unit (100 shares) of the holding company due to the share transfer may request that the holding company purchase the shares less than one unit under the provision of the Companies Act (request for buyback). Such shareholder may also request the holding company to sell such number of shares which are necessary to constitute one share unit (request for purchase to constitute one unit = request for sale).

Q7 What shall I do when I happen to have a fractional share due to the share transfer?

A7

In cases where a shareholder happen to have a fractional share, the holding company will pay such shareholder the amount equivalent to the fractional part of the share that is less than one share, as provided under the Companies Act, by compositely including such amount in the year-end dividend for the fiscal year ending in March 2022. We will promptly notify the concerned shareholders upon decision of the amount, etc. after the effective date of the share transfer (April 1, 2022).

Contact Details for Inquiries

1. Please contact your securities company for confirmations on number of shares you hold and various procedural matters including change of address, inheritance, designation of transfer of dividends, etc.
2. For inquiries other than the above, or inquiries on how to acquire unreceived dividends, etc., please contact the shareholder registry administrator.

[Until January 26, 2022]
Shareholder Registry Administrator Securities Agent Division, Mizuho Trust & Banking Co., Ltd.
Toll free: 0120-288-324 9:00 - 17:00 on weekdays (Japan only)
[After January 27, 2022*]
Shareholder Registry Administrator Securities Agent Division, Mitsubishi UFJ Trust and Banking Corporation
Toll free: 0120-232-711 9:00 - 17:00 on weekdays (Japan only)
* Shareholder Registry Administrator will switch to Mitsubishi UFJ Trust and Banking Corporation from January 27, 2022.

MEMO