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(Securities Code: 8345)  
May 31, 2018

**To Shareholders with Voting Rights:**

Sachio Taguchi  
President  
The Bank of Iwate, Ltd.  
2-3, Chuodori 1-chome, Morioka,  
Iwate, Japan

**NOTICE OF CONVOCATION OF  
THE 136TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 136th Annual General Meeting of Shareholders of The Bank of Iwate, Ltd. (the “Bank”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter) and exercise your voting rights by no later than 5:15 p.m. on Thursday, June 21, 2018 Japan time.

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. Japan time
- 2. Place:** 9F, Hall, Head Office of the Bank, 2-3, Chuodori 1-chome, Morioka, Iwate, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report and Non-consolidated Financial Statements for the Bank’s 136th Fiscal Year (from April 1, 2017 to March 31, 2018)
    2. Consolidated Financial Statements for the Bank’s 136th Fiscal Year (from April 1, 2017 to March 31, 2018) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
  - Proposals to be resolved:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
    - Proposal No. 3:** Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)
    - Proposal No. 4:** Election of Four (4) Directors serving as Audit and Supervisory Committee Members
    - Proposal No. 5:** Determination of Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members)
    - Proposal No. 6:** Determination of Remuneration for Directors serving as Audit and Supervisory Committee Members
    - Proposal No. 7:** Determination of the Amount and Details of Compensation in Stock Option for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by no later than 5:15 p.m. on Thursday, June 21, 2018 Japan time.

[Exercise of Voting Rights via the Internet]

Please access the Bank's designated voting website (<https://evote.tr.mufg.jp/>) using the "Login ID" and "Temporary Password" printed on the enclosed Voting Rights Exercise Form, and indicate your vote for or against the proposals following the instructions on the screen.

Before exercising voting rights via the Internet, please read the "Procedures for Exercise of Voting Rights via the Internet," which is described below (from page 53 to page 54), and exercise your voting rights by 5:15 p.m. on Thursday, June 21, 2018 Japan time.

[Handling of Duplicate Voting]

If you exercise your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet is deemed valid.

If you exercise your voting rights more than once via the Internet, only the last vote is deemed valid.

End

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the Bank's head office on the day of the meeting for confirmation.
- ◎ Of the documents required to be presented along with this notice of convocation, "Matters concerning Stock Acquisition Rights, etc. Held by the Bank," "Non-Consolidated Statements of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements," and "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" are, in accordance with laws and regulations, and Article 16 of the Articles of Incorporation of the Bank, posted on the Bank's website (<https://www.iwatebank.co.jp/ir/stock/meeting.html>) and are therefore not included in the documents attached to this notice of convocation.  
Accordingly, the documents attached to this notice of convocation are part of the Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements which have been audited by Corporate Auditors for the preparation of the Audit Report and by the Accounting Auditor for the preparation of the Independent Auditor's Report.
- ◎ Please note that updates or corrections, if any, to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements and the Consolidated Financial Statements will be posted on the Bank's website (<https://www.iwatebank.co.jp/ir/stock/meeting.html>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1: Appropriation of Surplus

Given the public nature of a bank and from a standpoint of ensuring its sound management, the Bank strives to retain sufficient internal reserves. Meanwhile, the Bank is committed to continuously providing stable dividends to shareholders based on its basic policy. In accordance with the dividend policy, the Bank proposes that dividends payout at the end of the 136th fiscal year, and appropriation of other surplus will be as follow by taking into account the business results of the fiscal year under review, management climate and future operational expansion in a comprehensive manner.

#### 1. Matters concerning year-end dividends

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount  
Cash dividend of ¥35 per common share of the Bank  
In this case, the total dividends payable will be ¥626,736,320. As a result, the annual dividend will be ¥70 per share, including ¥35 per share of interim dividend which the Bank has already paid.
- (3) Effective date of distribution of surplus  
June 25, 2018

#### 2. Other matters concerning the appropriation of surplus

- (1) Item and amount of surplus to be decreased  
Retained earnings brought forward      5,000,000,000 yen
- (2) Item and amount of surplus to be increased  
General reserve      5,000,000,000 yen

[Reference materials common to Proposals No. 2 to No. 7]

In order to further enhance the corporate governance structure, the Bank proposes to transition to a company with Audit and Supervisory Committee, which was established as a new institutional design in the “Act for Partial Amendment of the Companies Act” (Act No. 90 of 2014, hereinafter Revised Companies Act) that came into effect on May 1, 2015. Each of the proposals from Proposal No. 2 to Proposal No. 7, found on pages from 5 to 24 of this Notice of Convocation are the proposals on the transition to a company with Audit and Supervisory Committee; therefore, in preparation for the proposition, we would like to provide a brief overview of the transition to a company with Audit and Supervisory Committee, and reasons for the Bank to switch from a company with Board of Corporate Auditors to a company with Audit and Supervisory Committee.

■ Brief overview of a company with Audit and Supervisory Committee

- A company with Audit and Supervisory Committee refers to a company which has established an Audit and Supervisory Committee. Such company shall not have Corporate Auditors or Board of Corporate Auditors.
- An Audit and Supervisory Committee consists of three or more Directors serving as Audit and Supervisory Committee Members, and the majority of them shall consist of Outside Directors.
- While the term of office of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is one year, the term of office of Directors serving as Audit and Supervisory Committee Members is two years.
- Directors serving as Audit and Supervisory Committee Members hold voting rights on Board of Directors and are involved in determining proposals on the appointment and dismissal of Directors, and overall decision-making concerning the selection and removal of representative directors and execution of other duties (excluding matters for which the authority on decision are delegated to Directors). An Audit and Supervisory Committee Member selected by an Audit and Supervisory Committee also has the authority to express opinions, at general meetings of shareholders, on the appointment and dismissal of Directors (excluding Directors serving as Audit and Supervisory Committee Members). In this manner, supervisory functions performed by Audit and Supervisory Committee Members and an Audit and Supervisory Committee structure are further strengthened compared to the same performed by Corporate Auditors and a Board of Corporate Auditors structure.
- A company with Audit and Supervisory Committee may delegate the decision-making on the execution of important duties to Directors in whole or part by resolution of the Board of Directors if the articles of incorporation of the company stipulate as so. This enables Directors, who are delegated by the aforementioned authority, to make operational decisions promptly and to execute duties flexibly. Meanwhile, it enables the Board of Directors to enhance its functions to oversee duty executors.

■ Reasons for the transition

By transitioning to a company with Audit and Supervisory Committee, the Bank shall provide Directors serving as Audit and Supervisory Committee Members (including more than one Outside Directors) with voting rights on the Board of Directors in order to enhance the supervisory functions of the Board of Directors, while striving to further improve its corporate value by enhancing the corporate governance system.

■ Proposals No. 2 to No. 7

In order to transition to a company with Audit and Supervisory Committee, our Articles of Incorporation needs to be amended. Accordingly, an amendment is proposed under Proposal No.2 “Partial Amendment of the Articles of Incorporation.”

In a company with Audit and Supervisory Committee, Directors (excluding Directors serving as Audit and Supervisory Committee Members) and Directors serving as Audit and Supervisory Committee Members must be appointed separately. Therefore, the election of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed under Proposal No.3, and the election of Directors serving as Audit and Supervisory Committee Members is proposed under Proposal No. 4, respectively.

In addition, in a company with Audit and Supervisory Committee, the amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) and Directors serving as Audit and Supervisory Committee Members shall be determined separately as well. Therefore, the amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed under Proposal No. 5, the amount of compensation for Directors serving as Audit and Supervisory Committee Members is proposed under Proposal No. 6, and the amount of compensation in the

form of stock option for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and the details thereof is proposed under Proposal No.7, respectively.

## Proposal No. 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the amendments

In order to strengthen the audit and supervisory functions, further enhance the corporate governance and improve corporate value, the Bank proposes to transition to a company with Audit and Supervisory Committee, which was established as a new institutional design in accordance with the Revised Companies Act.

Accordingly, the Bank proposes to newly establish provisions on the Audit and Supervisory Committee and the Audit and Supervisory Committee Members, as well as delete the provisions on the Board of Corporate Auditors and Corporate Auditors.

In line with the above changes, numbering of articles, etc. shall be amended.

### 2. Details of the amendments

Details of the amendments are as follows.

Note that these amendments shall take effect at the conclusion of this General Meeting of Shareholders.

(Note) Changes are indicated by underlines.

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I. GENERAL PROVISIONS</p> <p>(Organs)</p> <p>Article 4. The Bank shall establish the following organs apart from the General Meeting of Shareholders and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Corporate Auditors</u></p> <p>(3) <u>Board of Corporate Auditors</u></p> <p>(4) Accounting Auditors</p>	<p>CHAPTER I. GENERAL PROVISIONS</p> <p>(Organs)</p> <p>Article 4. The Bank shall establish the following organs apart from the General Meeting of Shareholders and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p> <p>(3) Accounting Auditors</p>
<p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article 20. The number of Directors of the Bank shall not exceed 12.</p> <p>(New)</p>	<p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article 20. The number of Directors <u>(excluding Directors serving as Audit and Supervisory Committee Members)</u> of the Bank shall not exceed 12.</p> <p><u>2. The number of Directors serving as Audit and Supervisory Committee Members of the Bank shall not exceed 4.</u></p>
<p>(Election of Directors)</p> <p>Article 21. Directors shall be elected at the General Meeting of Shareholders.</p> <p>2. Resolutions for the election of Directors shall be adopted by a majority vote of the attending shareholders who hold one-third or more of the voting rights of shareholders entitled to exercise voting rights.</p> <p>3. Resolutions for the election of Directors shall not be by cumulative voting.</p>	<p>(Election of Directors)</p> <p>Article 21. Directors <u>serving as Audit and Supervisory Committee Members and the other Directors</u> shall be elected <u>separately</u> at the General Meeting of Shareholders.</p> <p>2. (Unchanged)</p> <p>3. (Unchanged)</p>
<p>(Term of Office of Directors)</p>	<p>(Term of Office of Directors)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 22. The term of office of a Director shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>two</u> years from his/her election to office.</p> <p>2. <u>The term of office of a Director elected as additional Director or as substitute for the incumbent Director shall continue until the expiry of the incumbent Director.</u></p> <p>(New)</p> <p>(New)</p>	<p>Article 22. The term of office of a Director <u>(excluding Directors serving as Audit and Supervisory Committee Members)</u> shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>one</u> year from his/her election to office.</p> <p>2. <u>The term of office of a Director serving as Audit and Supervisory Committee Members shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within two years from his/her election to office.</u></p> <p>3. <u>The term of office of a Director elected as substitute to fill the vacancy created by earlier resignation of a Director serving as Audit and Supervisory Committee Members, shall continue until the expiry of the original term of office of the resigning Director serving as Audit and Supervisory Committee Members.</u></p> <p>4. <u>Resolution for electing a Director serving as substitute Audit and Supervisory Committee Members pursuant to Article 329, Paragraph 3 of the Companies Act, unless shortened by the resolution, shall remain effective until the beginning of the Annual General Meeting of Shareholders held with respect to the last business year ending within two years from his/her election to office.</u></p>
<p>(Representative Directors and Executive Directors)</p> <p>Article 23. The Board of Directors of the Bank shall elect by resolution maximum of two Representative Directors.</p> <p>2. The Board of Directors may appoint by resolution one Chairman, one President, no more than two Senior Managing Directors and no more than five Managing Directors.</p>	<p>(Representative Directors and Executive Directors)</p> <p>Article 23. The Board of Directors of the Bank shall elect by resolution maximum of two Representative Directors <u>from Directors (excluding Directors serving as Audit and Supervisory Committee Members).</u></p> <p>2. The Board of Directors may appoint by resolution one Chairman, one President, no more than two Senior Managing Directors and no more than five Managing Directors <u>from Directors (excluding Directors serving as Audit and Supervisory Committee Members).</u></p>
<p>(Board of Directors)</p> <p>Article 24. Organization and administration of the Board of Directors shall be governed by, in addition to laws and regulations or Articles of Incorporation, the Board of Directors Regulations adopted or amended by the Board of Directors of the Bank.</p>	<p>(Board of Directors)</p> <p>Article 24. Organization and administration of the Board of Directors shall be governed by, in addition to laws and regulations or <u>these</u> Articles of Incorporation, the Board of Directors Regulations as adopted or amended by the Board of Directors of the Bank.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Notice of Convocation of the Board of Directors)</p> <p>Article 25. Notice of convocation of a meeting of the Board of Directors of the Bank shall be sent to each Director <u>and Corporate Auditor</u> at least three days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>2. When the consent of all Directors <u>and Corporate Auditors</u> is obtained in advance, a meeting of the Board of Directors of the Bank may be held without following the procedures for convening a meeting.</p>	<p>(Notice of Convocation of the Board of Directors)</p> <p>Article 25. Notice of convocation of a meeting of the Board of Directors of the Bank shall be sent to each Director at least three days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>2. When the consent of all Directors is obtained in advance, a meeting of the Board of Directors of the Bank may be held without following the procedures for convening a meeting.</p>
<p>(Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>Article 26. When agreement by all Directors in writing or by electromagnetic means is obtained, resolutions of the Board of Directors of the Bank shall be deemed to have been adopted. <u>However, this shall not apply when an objection is raised by a Corporate Auditor.</u></p>	<p>(Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>Article 26. When agreement by all Directors in writing or by electromagnetic means is obtained, resolutions of the Board of Directors of the Bank shall be deemed to have been adopted.</p>
<p>(Compensation etc.)</p> <p>Article 27. The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Bank in consideration of their performance of duty (hereinafter referred to as <u>"compensation etc."</u>) shall be determined by resolution of the General Meeting of Shareholders.</p>	<p>(Compensation etc.)</p> <p>Article 27. The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors <u>serving as Audit and Supervisory Committee Members and the other Directors</u> by the Bank in consideration of their performance of duty shall be determined <u>separately</u> by resolution of the General Meeting of Shareholders.</p>
<p>Article 28. (Omitted)</p> <p>(New)</p>	<p>Article 28. (Unchanged)</p> <p><u>(Delegation of authority for making decision on the execution of important business)</u></p> <p><u>Article 29. The Bank may, pursuant to the provisions in Article 399-13, Paragraph 6 of the Companies Act, and based on the resolution of the Board of Directors, delegate authority for making the whole or part of a decision on the execution of important business to Directors (excluding the matters listed in each item of Article 399-13, Paragraph 5 of the same Act).</u></p>
<p><b>CHAPTER V. <u>CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></b></p> <p>(New)</p>	<p><b>CHAPTER V. <u>AUDIT AND SUPERVISORY COMMITTEE</u></b></p> <p><u>(Audit and Supervisory Committee)</u></p> <p><u>Article 30. Matters related to the Audit and</u></p>



Current Articles of Incorporation	Proposed Amendments
<p>(New)</p> <p>(Notice of Convocation of the Audit and Supervisory Committee)</p> <p>Article 31. Notice of convocation of a meeting of the Audit and Supervisory Committee of the Bank shall be sent to each Audit and Supervisory Committee Member at least three days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>2. When the consent of all Audit and Supervisory Committee Member is obtained in advance, a meeting of the Audit and Supervisory Committee of the Bank may be held without following the procedures for convening a meeting.</p>	<p><u>Supervisory Committee, shall be governed by, in addition to the laws and regulations or these Articles of Incorporation, the Audit and Supervisory Committee Regulations as adopted or amended by the Audit and Supervisory Committee of the Bank.</u></p>
<p>(New)</p> <p>(Standing Audit and Supervisory Committee Members)</p> <p>Article 32. The Audit and Supervisory Committee shall elect by resolution Standing Audit and Supervisory Committee Members.</p>	
<p>(Number of Corporate Auditors)</p> <p>Article 29. The number of Corporate Auditors of the Bank shall not exceed 4.</p>	<p>(Deleted)</p>
<p>(Election of Corporate Auditors)</p> <p>Article 30. Corporate Auditors shall be elected at the General Meeting of Shareholders.</p> <p>2. Resolutions for the election of Corporate Auditors shall be adopted by a majority vote of the attending shareholders who hold one-third or more of the voting rights of shareholders entitled to exercise voting rights.</p>	<p>(Deleted)</p>
<p>(Term of Office of Corporate Auditors)</p> <p>Article 31. The term of office of a Corporate Auditors shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within four years from his/her election to office.</p> <p>2. The term of office of a Corporate Auditors elected as additional Corporate Auditors or as substitute for the incumbent Corporate Auditors shall continue until the expiry of the incumbent Corporate Auditors.</p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Standing Corporate Auditors)</u></p> <p><u>Article 32. The Board of Corporate Auditors shall elect Standing Corporate Auditors by its resolution.</u></p>	(Deleted)
<p><u>(Board of Corporate Auditors)</u></p> <p><u>Article 33. The matters concerning the Board of Corporate Auditors shall be governed by, in addition to the laws and regulations or these Articles of Incorporation, the Board of Corporate Auditors Regulations as adopted or amended by the Board of Corporate Auditors of the Bank.</u></p>	(Deleted)
<p><u>(Notice of Convocation of the Board of Corporate Auditors)</u></p> <p><u>Article 34. Notice of convocation of a meeting of the Board of Corporate Auditor of the Bank shall be sent to each Corporate Auditors at least three days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p> <p><u>2. When the consent of all Corporate Auditors is obtained in advance, a meeting of the Board of Corporate Auditors of the Bank may be held without following the procedures for convening a meeting.</u></p>	(Deleted)
<p><u>(Compensation etc.)</u></p> <p><u>Article 35. The amount of compensation to be granted to Corporate Auditors by the Bank shall be determined by resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>(Agreement to Limit Liabilities of Corporate Auditors)</u></p> <p><u>Article 36. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Bank may enter into agreements with Corporate Auditors that limit their liability for damages as prescribed in Article 423, Paragraph 1 of the same Act. However, the limit of liability set out under such agreement shall be the minimum statutory limit prescribed under laws and regulations.</u></p>	(Deleted)
CHAPTER VI ACCOUNTS	CHAPTER VI ACCOUNTS
Articles <u>37</u> to <u>40</u> . (Omitted)	Articles <u>33</u> to <u>36</u> . (Unchanged)

**Proposal No. 3:** Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The Bank will transition to a company with Audit and Supervisory Committee, subject to the resolution on the approval of the Proposal No. 2 “Partial Amendments to the Articles of Incorporation.” Since the terms of office of all twelve (12) Directors will expire at the conclusion of this Annual General Meeting of Shareholders, the election of ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed.

This proposal shall become effective on condition that the amendments to the Articles of Incorporation become effective as proposed in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:

No.	Name	Current Position	Attendance at Board of Directors meetings (times)
1	Masahiro Takahashi	Chairman <u>Reappointment</u>	14/14 (100%)
2	Sachio Taguchi	President <u>Reappointment</u>	14/14 (100%)
3	Shigeki Miura	Managing Director <u>Reappointment</u>	14/14 (100%)
4	Mikio Kikuchi	Managing Director <u>Reappointment</u>	14/14 (100%)
5	Hiroaki Takahashi	Managing Director <u>Reappointment</u>	14/14 (100%)
6	Motomu Sato	Director <u>Reappointment</u>	14/14 (100%)
7	Yasushi Sasaki	Director <u>Reappointment</u>	14/14 (100%)
8	Hiroshi Miura	Outside Director <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	13/14 (92%)
9	Atsushi Takahashi	Outside Director <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	13/14 (92%)
10	Fumio Ube	Outside Director <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	14/14 (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Bank held
1	Masahiro Takahashi (Dec. 25, 1950)  <div>Reappointment</div>	Apr. 1973	Joined the Bank	4,900 shares
	Apr. 2000	General Manager of Loan Supervision Division		
		Jul. 2002	Executive Officer / General Manager of Loan Supervision Division	
		Jun. 2003	Managing Director	
		Jun. 2007	President	
		Jun. 2014	Chairman (current position)	
[Reason for nomination as a candidate for Director] Since assuming office as President in June 2007, Mr. Masahiro Takahashi has played a prominent role in the Bank’s management in an accurate and efficient manner. In June 2014, he assumed office as Chairman. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.				
2	Sachio Taguchi (Sep. 28, 1953)  <div>Reappointment</div>	Apr. 1977	Joined the Bank	2,700 shares
	Jun. 2003	General Manager of Consumer Banking Division		
		Jul. 2006	Executive Officer / General Manager of Consumer Banking Division	
		Jun. 2007	Executive Officer / General Manager of Tokyo Office	
		Jun. 2009	Director / General Manager of Tokyo Office	
		Jun. 2010	Managing Director	
		Jun. 2013	Senior Managing Director	
		Jun. 2014	President (current position)	
[Reason for nomination as a candidate for Director] Since assuming office as Director in June 2009, Mr. Sachio Taguchi has managed the loan supervision, banking, marketing, and planning divisions, in addition to serving as General Manager of the Tokyo Office, through which has accumulated extensive experiences both at the Head Office and business branches with a good sense of balance. Since June 2014, he has played a prominent role in the Bank’s management as President. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions			Number of shares of the Bank held
3	Shigeki Miura (Nov. 25, 1957)  <u>Reappointment</u>	Apr. 1981	Joined the Bank	3,300 shares	
		Jun. 2007	General Manager of Consumer Banking Division		
Apr. 2010	General Manager of Miyakochuo Branch				
Jun. 2012	General Manager of General Planning Division				
Jul. 2012	Executive Officer / General Manager of General Planning Division				
Apr. 2013	Executive Officer / General Manager of General Planning Division and General Manager of Public Relations and CSR Office				
Jun. 2013	Director / General Manager of General Planning Division and General Manager of Public Relations and CSR Office				
Apr. 2014	Director / General Manager of General Planning Division				
		Jun. 2015	Managing Director (current position) (in charge of General Planning Division, General Affairs Division and Risk Management Division)		
[Reason for nomination as a candidate for Director] In addition to serving as Director / General Manager of General Planning Division from June 2013, Mr. Shigeki Miura has managed the loan supervision, risk management, general planning, and general affairs divisions as Managing Director since June 2015. Through serving the above positions, he is well versed in the Bank’s operations overall. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.					
4	Mikio Kikuchi (Dec. 27, 1959)  <u>Reappointment</u>	Apr. 1982	Joined the Bank	1,000 shares	
		Jul. 2008	General Manager of Corporate Banking Division		
Apr. 2010	General Manager of Hachinohe Office				
Jun. 2013	General Manager of Sendai Office				
Jul. 2013	Executive Officer / General Manager of Sendai Office				
Jun. 2014	Director / General Manager of Sendai Office				
Apr. 2016	Director / General Manager of Corporate Strategy Division				
Jun. 2016	Managing Director / Commissioned General Manager of Corporate Strategy Division				
		Apr. 2017	Managing Director (current position) (in charge of Business Management Division and Systems Division)		
[Reason for nomination as a candidate for Director] Since assuming office as Director in June 2014, Mr. Mikio Kikuchi has gained extensive experience in on-site banking business through serving as General Manager of the Sendai Office, General Manager of the Corporate Strategy Division, and other positions. He has managed the Corporate Strategy, Retail Strategy, Business Management and Systems Divisions as Managing Director since June 2016, and is deeply versed in the banking business overall. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.					

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions			Number of shares of the Bank held
5	Hiroaki Takahashi (Jan. 29, 1961)  <div>Reappointment</div>	Apr.	1984	Joined the Bank	1,100 shares
	Apr.	2007	Acting General Manager of Head Office		
Apr.	2009	General Manager of Tairadate Branch			
Jun.	2011	General Manager of Loan Supervision Division			
Jun.	2014	General Manager of Tokyo Office			
Jul.	2014	Executive Officer / General Manager of Tokyo Office			
Jun.	2016	Managing Director (current position) (in charge of Loan Supervision Division and Financial Markets Division)			
[Reason for nomination as a candidate for Director] In addition to serving as Executive Officer / General Manager of the Tokyo Office from July 2014, Mr. Hiroaki Takahashi has managed the business management, systems, loan supervision and financial markets divisions as Managing Director since June 2016, and is deeply versed in the banking business overall. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.					
6	Motomu Sato (Feb. 13, 1961)  <div>Reappointment</div>	Apr.	1983	Joined the Bank	600 shares
	Oct.	2005	General Manager of Midorigaoka Branch		
Oct.	2008	Acting General Manager of Systems Development and Operations Division			
Apr.	2009	Vice General Manager of Systems Development and Operations Division			
Jul.	2011	General Manager of Systems Development and Operations Division			
Apr.	2013	General Manager of Systems Division			
Jul.	2015	Executive Officer / General Manager of Systems Division			
Jun.	2016	Director / General Manager of Systems Division			
Jul.	2017	Director / General Manager of Business Management Division (current position)			
[Reason for nomination as a candidate for Director] In addition to serving as General Manager of a branch, Mr. Motomu Sato has assumed various posts such as in the personnel, business planning and systems divisions, and is deeply versed in the banking business overall. He has been managing the Systems Division as General Manager from July 2011, as Executive Officer from July 2015 and as Director from June 2016. In addition he has been managing the Business Management Division as General Manager from July 2017. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.					

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
7	Yasushi Sasaki (Jun. 23, 1961)  <div>Reappointment</div>	<div>Apr. 1984 Joined the Bank</div> <div>Oct. 2005 Acting General Manager of Personnel Division</div> <div>Apr. 2009 General Manager of Tono Branch</div> <div>Jun. 2012 General Manager of Risk Control Division and General Manager of Financial Products Management Office</div> <div>Apr. 2013 General Manager of Risk Management Division and General Manager of Financial Products Management Office</div> <div>Jun. 2015 General Manager of General Planning Division</div> <div>Jun. 2016 Director/ General Manager of General Planning Division (current position)</div>	1,320 shares
<div>[Reason for nomination as a candidate for Director]</div> <p>In addition to serving as General Manager of a branch, Mr. Yasushi Sasaki has assumed various posts such as in the personnel, risk control and planning divisions, and is deeply versed in the banking business overall. He assumed General Manager of the Risk Control Division in June 2012 and General Manager of the General Planning Division in June 2015, managing the General Planning Division as Director since June 2016. He has the ability to execute management and administration of the banking business accurately, fairly and efficiently by drawing on his wealth of experience and based on his achievements, and possesses sufficient social credibility. For these reasons, he is reappointed as a candidate for Director.</p>			
8	Hiroshi Miura (Mar. 1, 1943)  <div>Reappointment</div> <div>Candidate for Outside Director</div> <div>Independent Director</div>	<div>Apr. 1968 Joined THE IWATE NIPPO CO., LTD.</div> <div>Jul. 1995 General Manager of Editing Office</div> <div>Jun. 1996 Director / General Manager of Editing Office</div> <div>Jun. 2000 Managing Director / General Manager of Administration Office</div> <div>Jun. 2002 Senior Managing Director / General Manager of Administration Office</div> <div>Jun. 2004 President</div> <div>Jun. 2009 Director of the Bank (current position)</div> <div>Jun. 2014 Chairman of THE IWATE NIPPO CO., LTD. (current position) (Significant concurrent position) Chairman of THE IWATE NIPPO CO., LTD.</div>	0 shares
<div>[Reason for nomination as a candidate for Outside Director]</div> <p>As the Chairman of THE IWATE NIPPO CO., LTD., Mr. Hiroshi Miura serves as an executing person of that company. In order for him to continue to make use of the abundant experience and wide range of knowledge he obtained as a management executive, he is reappointed as a candidate for Outside Director of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
9	<p>Atsushi Takahashi (Jul. 23, 1941)</p> <p>Reappointment</p> <p>Candidate for Outside Director</p> <p>Independent Director</p>	<p>Apr. 1965 Joined The Sumitomo Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Limited)</p> <p>Jun. 1991 Director / General Manager of Planning and Coordination Dept.</p> <p>Jun. 1993 Managing Director / General Manager of Planning Dept.</p> <p>Feb. 1995 Managing Director</p> <p>Jun. 1997 Senior Managing Director</p> <p>Mar. 1998 President</p> <p>Jun. 2005 Chairman</p> <p>Apr. 2011 Advisor</p> <p>Jun. 2011 Director of the Bank (current position)</p> <p>Jun. 2011 Director of Keio Corporation (current position)</p> <p>Jul. 2016 Special Advisor of Sumitomo Mitsui Trust Bank, Limited (current position) (Significant concurrent position) Special Advisor of Sumitomo Mitsui Trust Bank, Limited Director of Keio Corporation</p>	1,000 shares
<p>[Reason for nomination as a candidate for Outside Director]</p> <p>In addition to serving as Chairman of The Sumitomo Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Limited) until March 2011, Mr. Atsushi Takahashi currently serves as Special Advisor to that company as well as Outside Director of Keio Corporation. In order for him to continue to make use of the abundant experience and wide range of knowledge he obtained as a management executive of a financial institution, he is reappointed as a candidate for Outside Director of the Bank.</p>			



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
10	<p>Fumio Ube (May 13, 1948)</p> <p><u>Reappointment</u></p> <p>Candidate for Outside Director</p> <p><u>Independent Director</u></p>	<p>Apr. 1973 Joined Tohoku Electric Power Company, Incorporated</p> <p>Jun. 2005 Executive Officer / General Manager of Secretariat</p> <p>Jun. 2007 Senior Executive Officer / General Manager of Tokyo Branch Office</p> <p>Jun. 2009 Managing Director / Branch Supervisor</p> <p>Jun. 2010 Representative Director &amp; Executive Vice President</p> <p>Jun. 2012 Resigned from Tohoku Electric Power Company, Incorporated</p> <p>Jul. 2012 Vice Chairman of Tohoku Economic Federation</p> <p>Jun. 2013 Director of the Bank (current position)</p> <p>Jun. 2015 Chairman of Tohoku Productivity Center (current position) (Significant concurrent position) Chairman of Tohoku Productivity Center</p>	0 shares
<p>[Reason for nomination as a candidate for Outside Director]</p> <p>In addition to serving as the Representative Director &amp; Executive Vice President of Tohoku Electric Power Company, Incorporated until June 2012, Mr. Fumio Ube also served as Vice Chairman of Tohoku Economic Federation until June 2015. He is currently serving as Chairman of Tohoku Productivity Center. In order for him to continue to make use of the abundant experience and wide range of knowledge that he obtained as a management executive, he is reappointed as a candidate for Outside Director of the Bank.</p>			

(Notes)

1. The Bank has business transactions such as loans with IWATE NIPPON CO., LTD., for which Mr. Hiroshi Miura serves as Chairman. There is no special interest relationship between the other candidates and the Bank.
2. Messrs. Hiroshi Miura, Atsushi Takahashi and Fumio Ube are currently Directors of the Bank, and their term of office as Outside Directors at the conclusion of this Annual General Meeting of Shareholders will be nine, seven and five years, respectively.
3. Liability limitation agreement with Outside Directors  
The Bank has entered into liability limitation agreements with candidates for Outside Directors, Messrs. Hiroshi Miura, Atsushi Takahashi and Fumio Ube, to limit their liabilities for damages to the Bank caused by negligence in the performance of their duties, to the minimum liability amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1 of the Companies Act. In the event of the reappointment of the three messrs. nominated above, the Bank intends to continue the said agreements.

**Proposal No. 4:** Election of Four (4) Directors Serving as Audit and Supervisory Committee Members

The Bank will transition to a company with Audit and Supervisory Committee, subject to the resolution on the approval of the Proposal No. 2 “Partial Amendments to the Articles of Incorporation.” Since the terms of office of all four (4) Corporate Auditors will expire at the conclusion of this Annual General Meeting of Shareholders, the election of four (4) Directors serving as the Audit and Supervisory Committee Members is proposed.

The Bank has obtained a prior consent from the Board of Corporate Auditors for the submission of this proposal.

This proposal shall become effective on condition that the amendments to the Articles of Incorporation become effective as proposed in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

The candidates for Directors serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Current Position	Attendance at Board of Directors meetings (times)
1	Yuji Chiba	Standing Corporate Auditor <span>New Appointment</span>	11/11 (100%)
2	Shinobu Obara	Corporate Auditor <span>New Appointment</span> <span>Outside</span> <span>Independent</span>	14/14 (100%)
3	Mizuhiko Yoshida	Corporate Auditor <span>New Appointment</span> <span>Outside</span> <span>Independent</span>	14/14 (100%)
4	Etsuko Sugawara	- <span>New Appointment</span> <span>Outside</span> <span>Independent</span>	-

(Note) Mr. Yuji Chiba has attended all of the Board of Directors meetings held after his appointment on June 22, 2017.

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
1	Yuji Chiba (May 24, 1960)  <u>New Appointment</u>	Apr. 1984 Joined the Bank Apr. 2003 Acting General Manager of Personnel Division Oct. 2007 General Manager of Kanegasaki Branch Apr. 2010 Vice General Manager of Business Administration Division Apr. 2013 General Manager of Audit Division Apr. 2016 Administrator / General Manager of Audit Division Jul. 2016 Executive Officer / General Manager of Audit Division Jun. 2017 Standing Corporate Auditor (current position)	400 shares
[Reason for nomination as a candidate for Director] Mr. Yuji Chiba has served as General Manager of the Audit Division for four years since 2013 and has been serving as Standing Corporate Auditor since June 2017. He has knowledge and experience to audit the execution of duties of Directors accurately, fairly and efficiently, and possesses sufficient social credibility. For these reasons, he is appointed as a candidate for Director serving as Audit and Supervisory Committee Member.			
2	Shinobu Obara (Mar. 16, 1958)  <u>New Appointment</u> <u>Candidate for Outside Corporate Auditor</u> <u>Independent Auditor</u>	Apr. 1980 Joined Hokkaido Broadcasting Co., Ltd. Dec. 1990 Joined Iwate Menkoi Television Co., Ltd. Jun. 2004 Director Jun. 2005 Representative Director and President of Ma chérie, Inc. Jun. 2006 Managing Director of Iwate Menkoi Television Co., Ltd. Jun. 2009 Senior Managing Director Jun. 2012 Corporate Auditor of the Bank (current position) Jun. 2015 Representative Director and Executive Vice President of Iwate Menkoi Television Co., Ltd.  (Significant concurrent position) Representative Director and Executive Vice President of Iwate Menkoi Television Co., Ltd.	0 shares
[Reason for nomination as a candidate for Outside Director] Ms. Shinobu Obara serves as Representative Director and Executive Vice President of Iwate Menkoi Television Co., Ltd., a post with significant responsibility. In order for her to continue to make use of her abundant experience and wide range of knowledge that she obtained as a management executive on the audit structure of the Bank, she is appointed as a candidate for Outside Director serving as Audit and Supervisory Committee Member of the Bank. She currently serves as Corporate Auditor of the Bank, and her term of office as an Outside Corporate Auditor will be 6 years as of the end of this Annual General Meeting of Shareholders.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
3	Mizuhiko Yoshida (Jan. 2, 1956)  <div>New Appointment</div> <div>Candidate for Outside Corporate Auditor</div> <div>Independent Auditor</div>	Apr. 1989 Registered with Japan Federation of Bar Associations Sep. 1999 Opened Yoshida Mizuhiko Law Office Apr. 2006 Chairman of Iwate Bar Association Apr. 2006 Governor of Japan Federation of Bar Associations Apr. 2008 Chairman of Iwate Prefecture Public Interest Certification etc. Council (current position) Dec. 2010 Member of Iwate Prefecture Expropriation Committee Jun. 2015 Corporate Auditor of the Bank (current position) (Significant concurrent position) Attorney at law	0 shares
[Reason for nomination as a candidate for Outside Director] Although Mr. Mizuhiko Yoshida does not have experience in corporate management in the past, he is well versed in corporate legal affairs as a lawyer. In order for him to continue to make use of his extensive legal knowledge and insight on the audit structure of the Bank, he is appointed as a candidate for Outside Director serving as Audit and Supervisory Committee Member of the Bank. He currently serves as Corporate Auditor of the Bank, and his term of office as an Outside Corporate Auditor will be 3 years as of the end of this Annual General Meeting of Shareholders.			
4	Etsuko Sugawara (May 20, 1953)  <div>New Appointment</div> <div>Candidate for Outside Corporate Auditor</div> <div>Independent Auditor</div>	Apr. 1987 Research Associate of Iwate University Faculty of Education Apr. 1989 Lecturer of Iwate University Faculty of Education Apr. 1993 Associate Professor of Iwate University Faculty of Education Apr. 1999 Professor of Iwate University Faculty of Education Apr. 2010 Vice President of Iwate University Faculty of Education Mar. 2015 Director and Vice President of Iwate University Faculty of Education (current position) (Significant concurrent position) Director and Vice President of Iwate University	0 shares
[Reason for nomination as a candidate for Outside Director] Ms. Etsuko Sugawara serves as Director and Vice President of Iwate University, a post with significant responsibility. Although she does not have experience in corporate management in the past, in order for her to make use of her professional expertise, extensive knowledge, and insight as an academic expert on the audit structure of the Bank, she is appointed as a candidate for Outside Director serving as Audit and Supervisory Committee Member of the Bank.			

(Notes)

1. The Bank has standard loan transactions with Mr. Mizuhiko Yoshida. Also, in December 2017, on the occasion of the new construction of the “day-care center in the workplace” operated jointly by the Bank and Iwate University, where Ms. Etsuko Sugawara serves as Director, the Bank made a donation to the university. There is no special interest relationship between the other candidates and the Bank.

2. Liability limitation agreement with Outside Directors

The Bank has entered into liability limitation agreements with candidates for Outside Directors, Ms. Shinobu Obara and Mr. Mizuhiko Yoshida, to limit their liabilities for damages to the Bank caused by negligence in the performance of their duties, to the minimum liability amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1 of the Companies Act. In the event of the reappointment of the two nominated above, the Bank intends to continue the said agreements. When the election of Ms. Etsuko Sugawara is approved, the Bank intends to enter into a similar agreement with Ms. Sugawara, which limits her liability for damages.

**Proposal No. 5:** Determination of Compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members)

It was resolved at the 131st Annual General Meeting of Shareholders held on June 21, 2013 that the amount of compensation, including bonuses, for Directors of the Bank shall be ¥260 million per year or less and the amount remains unchanged to date. The Bank will transition to a company with Audit and Supervisory Committee subject to approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

Accordingly, pursuant to the provisions of Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, the Bank proposes to abolish the current provisions on the amount of compensation for Directors, and the amount of compensation to be paid to Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be ¥260 million per year or less including officers’ bonuses (including ¥20 million or less for Outside Directors), taking into account various circumstances such as economic conditions. The said amount shall not include the portion of employees’ salary paid to Directors who concurrently serve as employee as it always has been in the past, and the exact amount and timing of payment for each Director (excluding Directors serving as Audit and Supervisory Committee Members) shall be determined by resolution of the Board of Directors.

The Bank currently has twelve (12) Directors (three (3) of whom are Outside Directors). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) will be 10 (ten) (three (3) of whom are Outside Directors) upon approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Ten (10) Directors Not Serving as Audit and Supervisory Committee Members” as originally proposed.

**Proposal No. 6:** Determination of Compensation for Directors serving as Audit and Supervisory Committee Members

It was resolved at the 131st Annual General Meeting of Shareholders held on June 21, 2013 that the amount of compensation for Corporate Auditors of the Bank shall be ¥60 million per year or less and the amount remains unchanged to date. The Bank will transition to a company with Audit and Supervisory Committee subject to approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

Accordingly, pursuant to the provisions of Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, the Bank proposes that the amount of compensation to be paid to Directors serving as Audit and Supervisory Committee Members shall be ¥60 million per year or less, taking into account various circumstances such as economic conditions. The exact amount and timing of payment for each Director serving as Audit and Supervisory Committee Members shall be discussed by Directors serving as Audit and Supervisory Committee Members.

The Bank currently has four (4) Corporate Auditors (three (3) of whom are Outside Corporate Auditors). The Bank will have four (4) Directors serving as Audit and Supervisory Committee Members (three (3) of whom are Outside Directors) upon approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors serving as Audit and Supervisory Committee Members” as originally proposed.

This proposal shall become effective on condition that the amendments to the Articles of Incorporation become effective as proposed in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

**Proposal No. 7: Determination of the Amount of Compensation in Stock Option for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and Details Thereof**

It was resolved at the 131st Annual General Meeting of Shareholders held on June 21, 2013, that the amount of compensation related to share acquisitions rights as compensation-type stock option for Directors (excluding Outside Directors) of the Bank shall be allocated within the range of ¥80 million per year or less, allocated separately from the compensation for Directors including officers' bonuses, and the said amount remains unchanged to date. The Bank shall now transition to a company with Audit and Supervisory Committee subject to approval of Proposal No. 2 "Partial Amendments to the Articles of Incorporation."

Accordingly, pursuant to the provisions of Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, the Bank proposes to allocate share acquisition rights as compensation-type stock options to Directors within the range of ¥80 million per year or less, allocated separately from the compensation of ¥260 million per year or less (including ¥20 million or less for Outside Directors) for Directors proposed in Proposal No. 5, taking into account various circumstances such as economic conditions.

The exact amount of compensation shall be the amount derived by multiplying the fair value of one share acquisition right, measured as of the share acquisition rights allotment date, by the number of share acquisition rights to be allotted. Timing of payment and distribution to each Director shall be determined by resolution of the Board of Directors.

Currently, there are nine (9) Directors who are eligible for the grant of share acquisition rights as compensation-type stock options. There will be seven (7) Directors who are eligible for the grant of share acquisition rights as compensation-type stock options upon approval of Proposal No. 2 "Partial Amendments to the Articles Incorporation" and Proposal No. 3 "Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)" as originally proposed.

This proposal shall take effect subject to the amendments of the Articles of Incorporation proposed under Proposal No. 2 "Partial Amendments to the Articles of Incorporation" taking effect.

Reasons for the allotment of share acquisition rights and details of share acquisition rights are as follows.

**1. Reasons for the allotment of share acquisition rights as compensation**

Share acquisition rights shall be allotted for the purpose of strengthening the link between the compensation for Directors and share values, as well as to further promote willingness to contribute to the improvement of business performances and corporate value, and raise awareness on shareholder-focused management by sharing not only benefits from rising share prices but also risks associated with falling share prices with our shareholders.

**2. Details of share acquisition rights**

**(1) Total number of share acquisition rights**

The upper limit of share acquisition rights to be issued within one year of the date of the Bank's Annual General Meeting of Shareholders for each fiscal year shall be 300.

**(2) Type and number of shares targeted by share acquisition rights**

The type of shares targeted by share acquisition rights shall be common stock of the Bank, and the number of shares targeted by one share acquisition right (hereinafter referred to as "Granted Shares") shall be set at 100 shares.

In the event of a share split (including gratis allotment of shares of the Bank's common stock, hereinafter, the same shall apply when stating matters related to a share split) or share consolidation of the Bank's common stock subsequent to the date of the resolution for this proposal (hereinafter referred to as the "Date of Resolution"), the number of Granted Shares shall be adjusted using the formula set forth below, and any fractions less than one share resulting therefrom shall be rounded down.

Number of Granted Shares after the adjustment =

Number of Granted Shares before the adjustment X ratio of share split / share consolidation

In addition to the above, in the event that the Bank conducts a merger, corporate split or share exchange subsequent to the Date of Resolution, and in case of any other event equivalent thereto requiring adjustments to the number of Granted Shares, the Bank may make adjustments to the number of Granted Shares which the Board of Directors has deemed necessary.

The upper limit of the number of shares eligible to receive upon exercise of share acquisition rights to be issued within one year of the date of the Bank's Annual General Meeting of Shareholders for each fiscal year shall be 30 thousand shares of the Bank's common stock.

(3) Amount to be paid in for share acquisition rights (issue price)

The amount to be paid in shall be the fair value of share acquisition rights measured by using the Black-Scholes model as of the allotment date of the share acquisition rights.

Recipients of the allotment of share acquisition rights shall offset the payment obligations for share acquisition rights against their compensation receivables held against the Bank in lieu of cash payment.

(4) Value of property to be contributed upon exercise of share acquisition rights

The value of property to be contributed upon exercise of share acquisition rights shall be computed by multiplying one yen, which is the exercise price per share of the shares eligible to receive upon exercise of share acquisition rights, by the number of Granted Shares.

(5) Period in which share acquisition rights may be exercised

The period shall be within 30 years from the date following the date of allotment of share acquisition rights as determined by the Board of Directors of the Bank.

(6) Restrictions on the acquisition of share acquisition rights by transfer

Acquisition of share acquisition rights by transfer shall be subject to approval by the Board of Directors of the Bank.

(7) Conditions for exercise of share acquisition rights

Beneficiaries of share acquisition rights shall exercise their share acquisition rights on a lump-sum basis only until the 10th day of the day following the day on which the position as Director of the Bank is lost.

(8) Other details, etc. concerning share acquisition rights

Detailed regulations on the above items (1) to (7) and other details concerning share acquisition rights shall be established at a meeting of the Board of Directors of the Bank to be held for the purpose of determining the subscription requirements for share acquisition rights.

## Reference

### **The Bank of Iwate Independence Standards for Outside Directors and Outside Corporate Auditors**

Based on the premise that Outside Directors and Outside Corporate Auditors satisfy the independence standards set forth by the Tokyo Stock Exchange, Inc., the Bank defines their independence as not falling under any of the items listed below. In principle, Outside Directors and Outside Corporate Auditors, including candidates, who do not fall under any of the items shall be deemed “independent” Outside Directors and Outside Corporate Auditors.

1. A person or an executing person for whom the Bank is a major business partner
2. A person or an executing person who is a major business partner of the Bank
3. An accounting expert or legal expert who receives from the Bank monetary consideration or any other property in the amount of over 10 million yen per year in average over the past three years, in addition to compensation that he or she receives from the Bank
4. The Accounting Auditor of the Bank or an employee of the Accounting Auditor
5. A major shareholder of the Bank or an executing person for such shareholder who holds 10% or more of the total voting rights
6. A recipient of donation from the Bank or an executing person for such recipient in the amount of over 10 million yen per year in average over the last three years
7. The spouse or relative within the second degree of kinship of any of the person listed below.
  - i) A person who falls under any of the above 1. to 6.
  - ii) An executing person of the Bank or any of its subsidiaries
8. A person who may have constant and substantive conflicts of interest with general shareholders of the Bank due to reasons other than those stated in the above 1. to 7.

**\* Definition of a “major business partner”**

Person for whom the Bank is a major business partner

Regular transactions: It is determined based on the ratio of the person’s sales to the Bank (2% or more) to the person’s total net sales for the most recent fiscal year.

Financing transactions: The Bank is in the highest rank of the person’s lenders and changes in the Bank’s loan policy have a serious impact on the person.

Major business partner of the Bank

Financing transactions: The Bank is lending 1% or more of its total assets to the business partner.

Deposit transactions: Deposits made by the business partner accounts for 1% or more of the Bank’s total deposits payable.