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(Securities Code: 8345)
June 1, 2021

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 139TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially notified of the 139th Annual General Meeting of Shareholders of The Bank of Iwate, Ltd. (the “Bank”). The meeting will be held for the purposes as described below.

This year, in order to prevent the spread of the novel coronavirus (COVID-19) infections, please consider your options including refraining from attending the General Meeting of Shareholders, and exercise your voting rights in advance by mail or via the Internet when possible. 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 Tuesday, June 22, 2021 Japan time.

- 1. Date and Time:** Wednesday, June 23, 2021 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 139th Fiscal Year (from April 1, 2020 to March 31, 2021)
 2. Consolidated Financial Statements for the Bank’s 139th Fiscal Year (from April 1, 2020 to March 31, 2021) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of One (1) Director serving as Audit and Supervisory Committee Member
- Proposal No. 4:** Determination of the Details of Stock Options for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)

Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

The following three methods are available for exercising your voting rights.

(1) Exercise of voting rights upon attendance at General Meeting of Shareholders

Date and time of General Meeting of Shareholders: Wednesday, June 23, 2021, 10:00 a.m. Japan time

Please submit the enclosed Voting Rights Exercise Form at the reception desk of the Bank's head office.

Please bring this "Notice of Convocation of the 139th Annual General Meeting of Shareholders" with you to conserve paper resources.

(2) Exercise of Voting Rights in Writing

Deadline for exercise: Votes received by no later than 5:15 p.m. on Tuesday, June 22, 2021 Japan time

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 the deadline for exercise.

(3) Exercise of Voting Rights via the Internet

Deadline for exercise: Votes sent by no later than 5:15 p.m. on Tuesday, June 22, 2021 Japan time

Before exercising voting rights via the Internet, please read the "Procedures for Exercise of Voting Rights via the Internet," which is described below (Japanese version only), and exercise your voting rights by the deadline.

[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

- ◎ 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/company/ir/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 the Audit and Supervisory Committee 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/company/ir/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 139th 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 ¥30 per common share of the Bank

In this case, the total dividends payable will be ¥527,833,380. As a result, the annual dividend will be ¥60 per share, including ¥30 per share of interim dividend which the Bank has already paid.

(3) Effective date of distribution of surplus

June 24, 2021

2. Other matters concerning the appropriation of surplus

(1) Item and amount of surplus to be decreased

Retained earnings brought forward	2,000,000,000 yen
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(2) Item and amount of surplus to be increased

General reserve	2,000,000,000 yen
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Proposal No. 2: Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)

Since the terms of office of the ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members; same for the proposal below) will expire at the conclusion of this Annual General Meeting of Shareholders, the new election of ten (10) Directors is proposed.

The Audit and Supervisory Committee concluded that each candidate was qualified as Director of the Bank after considering this proposal, since the candidates for Directors have been appropriately nominated through the deliberation of the Nomination and Compensation Advisory Committee.

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	(Male) Masahiro Takahashi <u>Reappointment</u>	Chairman	14/14 (100%)
2	(Male) Sachio Taguchi <u>Reappointment</u>	President	14/14 (100%)
3	(Male) Motomu Sato <u>Reappointment</u>	Senior Managing Director	14/14 (100%)
4	(Male) Yasushi Sasaki <u>Reappointment</u>	Managing Director	14/14 (100%)
5	(Male) Kensei Ishikawa <u>Reappointment</u>	Managing Director	14/14 (100%)
6	(Male) Shinji Niisato <u>Reappointment</u>	Managing Director	11/11 (100%)
7	(Male) Toru Iwayama <u>New Appointment</u>	Executive Officer / General Manager of General Planning Division	-
8	(Male) Atsushi Takahashi <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Outside Director	14/14 (100%)
9	(Male) Fumio Ube <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Outside Director	14/14 (100%)
10	(Male) Atsushi Miyanoya <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Outside Director	11/11 (100%)

(Note) Messrs. Shinji Niisato and Atsushi Miyanoya attended all eleven Board of Directors meetings held after they took office as Director on June 23, 2020.

Candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members)

<u>1</u>	Masahiro Takahashi	(Male) (December 25, 1950)	<u>Reappointment</u>
■	Attendance at Board of Directors meetings (times) 14/14 (100%)		
■	Number of shares of the Bank held 6,100 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1973	Joined the Bank		
Oct. 1996	General Manager of Tairadate Branch		
Oct. 1998	Loan Supervision Officer of Loan Supervision Division		
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.		

<u>2</u>	Sachio Taguchi	(Male) (September 28, 1953)	<u>Reappointment</u>
■	Attendance at Board of Directors meetings (times) 14/14 (100%)		
■	Number of shares of the Bank held 3,900 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1977	Joined the Bank		
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.		

<u>3</u>	Motomu Sato	(Male) (February 13, 1961)	<u>Reappointment</u>
■	Attendance at Board of Directors meetings (times) 14/14 (100%)		
■	Number of shares of the Bank held 1,900 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1983	Joined the Bank		
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		
Jun. 2018	Managing Director		
Jun. 2020	Senior Managing Director (current position) (assistant to Management, in charge of Systems Division, Business Management Division and Digital Transformation Laboratory)		
■	[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 Personnel, Risk Management, Business Management and System Divisions as Managing Director from June 2018, and has been an assistant to Management of Representative Directors as Senior Managing Director from June 2020. 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.		

<u>4</u>	Yasushi Sasaki	(Male) (June 23, 1961)	<u>Reappointment</u>
■	Attendance at Board of Directors meetings (times) 14/14 (100%)		
■	Number of shares of the Bank held 2,520 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1984	Joined the Bank		
Oct. 2005	Acting General Manager of Personnel Division		
Apr. 2009	General Manager of Tono Branch		
Jun. 2012	General Manager of Risk Control Division and General Manager of Financial Products Management Office		
Apr. 2013	General Manager of Risk Management Division and General Manager of Financial Products Management Office		
Jun. 2015	General Manager of General Planning Division		
Jun. 2016	Director/ General Manager of General Planning Division		
Jun. 2018	Managing Director (current position) (in charge of General Planning Division and General Affairs Division)		
■	[Reason for nomination as a candidate for Director]		
	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 from June 2012 and General Manager of the General Planning Division from June 2015, managing the General Planning Division as Director from June 2016 and as Managing Director from June 2018. 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.		

5	Kensei Ishikawa	(Male) (May 27, 1961)	Reappointment
■	Attendance at Board of Directors meetings (times) 14/14 (100%)		
■	Number of shares of the Bank held 900 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1984	Joined the Bank		
Nov. 2003	General Manager of Hitaka Branch		
Jun. 2005	Senior Manager of Financial Markets Division		
Feb. 2006	Acting General Manager of Financial Markets Division		
Jun. 2009	Vice General Manager of Financial Markets Division		
Jun. 2010	General Manager of Ichinohe Branch		
Apr. 2013	General Manager of Financial Markets Division		
Jun. 2016	General Manager of Tokyo Office		
Jul. 2016	Executive Officer / General Manager of Tokyo Office		
Jun. 2019	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 General Manager of branches, Mr. Kensei Ishikawa has assumed various posts such as in the Marketing Division, and is deeply versed in the banking business overall. He assumed General Manager of the Financial Markets Division from April 2013 and Executive Officer / General Manager of the Tokyo Office from July 2016. In addition, he has been managing the Loan Supervision Division and Financial Markets Division as Managing Director from June 2019. 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	Shinji Niisato	(Male) (December 9, 1964)	Reappointment
■	Attendance at Board of Directors meetings (times) 11/11 (100%)		
■	Number of shares of the Bank held 600 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1988	Joined the Bank		
Apr. 2006	Senior Manager of Consumer Banking Division		
Apr. 2008	Business Promotion Manager of Consumer Banking Division		
Oct. 2009	Acting General Manager of General Planning Division		
Apr. 2013	General Manager of Ozuchi Branch		
Apr. 2016	General Manager of Retail Strategy Division		
Apr. 2018	Executive Officer / General Manager of Retail Strategy Division		
Jun. 2020	Managing Director (current position)		
	(in charge of Corporate Strategy Division and Retail Strategy Division)		
■	[Reason for nomination as a candidate for Director]		
	In addition to serving as General Manager of a branch, Mr. Shinji Niisato has assumed various posts in the Personnel, Consumer Banking and Planning Divisions, and is deeply versed in the banking business overall. He has been managing the Retail Strategy Division as General Manager from 2016, and as Executive Officer from 2018. In addition, he has been managing the Corporate Strategy Division and Retail Strategy Division as Managing Director from 2020. 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 appointed as a candidate for Director.		

7	Toru Iwayama	(Male) (October 15, 1965)	New Appointment
■	Number of shares of the Bank held 600 shares		
■	Past experience, positions, responsibilities, and significant concurrent positions		
Apr. 1988	Joined the Bank		
Apr. 2006	Acting General Manager of Sendai Office		
Jul. 2008	Chairman of Opening Preparation for Osaki Branch		
Nov. 2008	General Manager of Osaki Branch		
Apr. 2010	Acting General Manager of General Planning Division		
Apr. 2014	Vice General Manager of General Planning Division		
Apr. 2015	Vice General Manager of Financial Markets Division		
Jun. 2016	General Manager of Financial Markets Division		
Apr. 2018	Executive Officer / General Manager of Financial Markets Division		
Jun. 2019	Executive Officer / General Manager of Tokyo Office		
Oct. 2020	Executive Officer / General Manager of General Planning Division (current position)		
■	[Reason for nomination as a candidate for Director]		
	In addition to serving as General Manager of branches, Mr. Toru Iwayama has assumed various posts such as in the Planning and Marketing Divisions, and is deeply versed in the banking business overall. He has managed the Financial Markets Division as General Manager from June 2016, and as Executive Officer from April 2018. In addition, he assumed Executive Officer / General Manager of Tokyo Office from June 2019, and has been Executive Officer / General Manager of General Planning Division from October 2020. 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 appointed as a candidate for Director.		

8	Atsushi Takahashi (Male) (July 23, 1941)	Reappointment	Candidate for Outside Director	Independent Director
■	Attendance at Board of Directors meetings (times) 14/14 (100%)			
■	Number of shares of the Bank held 1,000 shares			
■	Past experience, positions, responsibilities, and significant concurrent positions			
Apr. 1965	Joined The Sumitomo Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Limited)			
Jun. 1991	Director / General Manager of Planning and Coordination Dept.			
Jun. 1993	Managing Director / General Manager of Planning Dept.			
Feb. 1995	Managing Director			
Jun. 1997	Senior Managing Director			
Mar. 1998	President			
Jun. 2005	Chairman			
Apr. 2011	Advisor			
Jun. 2011	Director of the Bank (current position)			
Jun. 2011	Director of Keio Corporation (current position)			
Jul. 2016	Special Advisor of Sumitomo Mitsui Trust Bank, Limited			
Jul. 2018	Honorary Advisor (current position)			
	(Significant concurrent position)			
	Honorary Advisor of Sumitomo Mitsui Trust Bank, Limited			
	Director of Keio Corporation			
■	[Reason for nomination as a candidate for Outside Director and summary of expected roles]			
	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 Honorary 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.			
	Furthermore, the Bank expects him to monitor and supervise the management of the Bank from an independent standpoint, and to give beneficial advice and opinions to the Bank.			

9 Fumio Ube (Male) (May 13, 1948) **Reappointment** **Candidate for Outside Director** **Independent Director**

- Attendance at Board of Directors meetings (times) 14/14 (100%)
- Number of shares of the Bank held 1,200 shares
- Past experience, positions, responsibilities, and significant concurrent positions
- Apr. 1973 Joined Tohoku Electric Power Company, Incorporated
- Jun. 2005 Executive Officer / General Manager of Secretariat
- Jun. 2007 Senior Executive Officer / General Manager of Tokyo Branch Office
- Jun. 2009 Managing Director / Branch Supervisor
- Jun. 2010 Representative Director & Executive Vice President
- Jun. 2012 Resigned from Tohoku Electric Power Company, Incorporated
- Jul. 2012 Vice Chairman of Tohoku Economic Federation
- Jun. 2013 Director of the Bank (current position)
- Jun. 2015 Chairman of Tohoku Productivity Center

■ [Reason for nomination as a candidate for Outside Director and summary of expected roles]

In addition to serving as the Representative Director & Executive Vice President of Tohoku Electric Power Company, Incorporated until June 2012, Mr. Fumio Ube also served in positions such as Vice Chairman of Tohoku Economic Federation and 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.

Furthermore, the Bank expects him to monitor and supervise the management of the Bank from an independent standpoint, and to give beneficial advice and opinions to the Bank.

10 Atsushi Miyanoya (Male) (April 3, 1959) **Reappointment** **Candidate for Outside Director** **Independent Director**

- Attendance at Board of Directors meetings (times) 11/11 (100%)
- Number of shares of the Bank held 0 shares
- Past experience, positions, responsibilities, and significant concurrent positions
- Apr. 1982 Joined the Bank of Japan
- May 2008 Director-General, Senior Secretary to the Governor
- May 2010 Director-General, Financial System and Bank Examination Department
- Mar. 2013 General Manager, Nagoya Branch
- May 2014 Executive Director / General Manager, Osaka Branch
- Mar. 2017 Executive Director (in charge of Financial System and Bank Examination Department, Currency Issue Department and Public Relations Department)
- May 2018 Retired
- Jun. 2018 Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc. (current position)
- Jun. 2019 Director, DAIBIRU CORPORATION (current position)
- Jun. 2020 Director of the Bank (current position)

(Significant concurrent position)

Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.

Director, DAIBIRU CORPORATION

■ [Reason for nomination as a candidate for Outside Director and summary of expected roles]

Mr. Atsushi Miyanoya served as Executive Director of the Bank of Japan until May 2018. In addition to serving as the Chairman of NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc., he currently serves as Outside Director of DAIBIRU CORPORATION. In order for him to continue to make use of the abundant experience in and wide range of knowledge on financial policies, he is appointed as a candidate for Outside Director of the Bank.

Furthermore, the Bank expects him to monitor and supervise the management of the Bank from an independent standpoint, and to give beneficial advice and opinions to the Bank.

(Notes)

1. There is no special interest relationship between each candidate and the Bank.
2. Messrs. Atsushi Takahashi, Fumio Ube and Atsushi Miyanoya are candidates for Outside Directors. The Bank has registered Messrs. Atsushi Takahashi, Fumio Ube and Atsushi Miyanoya as Independent Directors with the Tokyo Stock Exchange in accordance with its regulations.
3. The terms of office of Messrs. Atsushi Takahashi, Fumio Ube and Atsushi Miyanoya as Outside Directors of the Bank at the conclusion of this Annual General Meeting of Shareholders will respectively be as follows:
 - Mr. Atsushi Takahashi: Ten years
 - Mr. Fumio Ube: Eight years
 - Mr. Atsushi Miyanoya One year
4. Mr. Atsushi Takahashi is Honorary Advisor of Sumitomo Mitsui Trust Bank, Limited, which is one of our customers. Although there are ordinary banking transactions between the Bank and Sumitomo Mitsui Trust Bank, Limited, the balance of their deposits as of March 31, 2021 was less than 1% of the total deposit balance of the Bank, and there was no loan balance. Therefore, his independence is fully secured.
5. Mr. Fumio Ube used to work for Tohoku Electric Power Co., Inc. which is one of our customers. Although there are ordinary banking transactions between the Bank and Tohoku Electric Power Co., Inc., the balances of their deposits and loans as of March 31, 2021 were less than 1% of the total deposit balance and total asset balance of the Bank respectively. Therefore, his independence is fully secured.
6. Mr. Atsushi Miyanoya serves as Chairman of NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc. There are no transactions between the company and the Bank.
7. The Bank has entered into liability limitation agreements with candidates for Outside Directors, Messrs. Atsushi Takahashi, Fumio Ube and Atsushi Miyanoya, 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 candidates nominated above, the Bank intends to continue the said agreements.
8. The Bank has entered into a directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers litigation costs to be borne by the insured when the directors and officers win the case (regular insurance policy) and litigation costs and compensation for damages when the directors and officers lose the case for compensation claims other than shareholder derivative lawsuits (regular insurance policy). The insurance contract also covers litigation costs and compensation for damages when the directors and officers lose shareholder derivative lawsuits which are covered by shareholder derivative lawsuit rider attached to regular insurance policy. The insurance premiums are fully borne by the Bank.

Each candidate will be included as the insured under the insurance policy. In addition, the Bank plans to renew the insurance policy with the same content during their terms of office.

Proposal No. 3: Election of One (1) Director serving as Audit and Supervisory Committee Member

In order to further strengthen the auditing and supervising functions, the Bank proposes to increase one (1) Director serving as Audit and Supervisory Committee Member and requests the new election, accordingly.

The Bank has obtained a prior consent from the Audit and Supervisory Committee for the submission of this proposal.

The candidate for Director serving as Audit and Supervisory Committee Member is as follows:

Shuichi Fujisawa	(Male) (November 4, 1964)	New Appointment
■	Number of shares of the Bank held	1,200 shares
■	Past experience, positions, responsibilities, and significant concurrent positions	
Apr. 1987	Joined the Bank	
Apr. 2006	Acting General Manager of Loan Administration Division	
Apr. 2013	Acting General Manager of Risk Management Division	
Jun. 2013	General Manager of Takada Branch	
Apr. 2016	Vice General Manager of Risk Management Division	
Jun. 2017	General Manager of Audit Division	
Jul. 2020	Executive Officer / General Manager of Audit Division(current position)	

■ [Reason for nomination as a candidate for Director]

In addition to serving as General Manager of a branch, Mr. Shuichi Fujisawa has assumed various posts such as in the Risk Control and Audit Divisions, and is deeply versed in the banking business overall. He assumed General Manager from June 2017 and Executive Officer / General Manager of Audit Division from July 2020. 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.

(Notes)

1. There is no special interest relationship between Mr. Shuichi Fujisawa and the Bank.
2. The Bank has entered into a directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers litigation costs to be borne by the insured when the directors and officers win the case (regular insurance policy) and litigation costs and compensation for damages when the directors and officers lose the case for compensation claims other than shareholder derivative lawsuits (regular insurance policy). The insurance contract also covers litigation costs and compensation for damages when the directors and officers lose shareholder derivative lawsuits which are covered by shareholder derivative lawsuit rider attached to regular insurance policy. The insurance premiums are fully borne by the Bank.
The candidate will be included as the insured under the insurance policy. In addition, the Bank plans to renew the insurance policy with the same content during his terms of office.

Proposal No. 4: Determination of the Details of Stock Options for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)

The Bank grants stock acquisition rights as compensation-type stock options to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors), within the limit of 80 million yen per annum approved by the 136th Annual General Meeting of Shareholders of the Bank, held on June 22, 2018.

Taking into consideration the fact that the matters to be resolved regarding stock acquisition rights granted as stock options have been clarified in conjunction with recent amendments to the Companies Act, the Bank proposes the following details regarding stock acquisition rights, with some additions (underlined>, accordingly. There will be no change to the compensation limit of 80 million yen per annum for stock acquisition rights as compensation-type stock options, as approved by the 136th Annual General Meeting of Shareholders of the Bank.

At present, there are seven (7) Directors eligible for the grant of stock acquisition rights as compensation-type stock options. If Proposal No. 2 “Election of Ten (10) Directors (excluding Directors serving as Audit and Supervisory Committee Members)” is approved as originally proposed, then there will be seven (7) Directors eligible for the grant of stock acquisition rights as compensation-type stock options.

The Bank has established a “Decision Policy on the Details of Compensation for Individual Directors” by resolution of the Board of Directors, and the content of this proposal is necessary and appropriate in order to establish the details of compensation for individual Directors in accordance with the said policy. The Audit and Supervisory Committee has considered this proposal, and concluded that it was suitably formulated through deliberation by the Nomination and Compensation Advisory Committee, and its content is appropriate.

The details of the stock acquisition rights are as follows.

1. Total number of stock acquisition rights

The upper limit of stock 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 units.

2. Type and number of shares subject to stock acquisition rights

The type of shares subject to stock acquisition rights shall be common stock of the Bank, and the number of shares to be granted upon exercise of each unit of stock acquisition rights shall be set at 100 shares (hereinafter referred to as the “Number of Granted 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 × 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 stock 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. If the Number of Granted Shares is adjusted, then the maximum number of shares to be granted shall be equal to the adjusted Number of Granted Shares multiplied by the total number of stock acquisition rights.

3. Paid-in amount (issue price) of the stock acquisition rights

The paid-in amount of the stock acquisition rights shall be equal to the fair value of the stock options calculated using the Black-Scholes model as of the allotment date of the stock acquisition rights.

In lieu of cash payment, the recipients of allotted stock acquisition rights shall offset their payment obligations against the compensation receivables held against the Bank.

4. Amount of assets to be contributed upon exercise of the stock acquisition rights

The amount of assets to be contributed upon exercise of each unit of stock acquisition rights shall be equal to the Number of Granted Shares multiplied by one (1) yen, being the exercise price per share at which recipients can be granted shares through the exercise of the stock acquisition rights.

5. Period during which the stock acquisition rights can be exercised

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

6. Restrictions on acquisition of the stock acquisition rights by transfer

The acquisition of the stock acquisition rights by transfer shall be subject to approval by the Board of Directors of the Bank.

7. Conditions for exercise of the stock acquisition rights

Beneficiaries of stock acquisition rights shall exercise their stock 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. Acquisition clause pertaining to the stock acquisition rights

Should any of the proposals from (1) to (5) below be approved by resolution of the Bank's General Meeting of Shareholders (or by resolution of the Board of Directors of the Bank, in cases where a resolution of the General Meeting of Shareholders is not required) then the Bank shall acquire the stock acquisition rights without consideration, on a date to be determined separately by the Board of Directors of the Bank.

(1) A proposal to approve a merger agreement with the Bank as a non-surviving company

(2) A proposal to approve a corporate split agreement or corporate split plan with the Bank as a split company

(3) A proposal to approve a share exchange agreement or share transfer plan where the Bank will become a wholly-owned subsidiary

(4) A proposal to approve an amendment to the Articles of Incorporation pertaining to all authorized shares of the Bank, that will establish a provision requiring the Bank's approval for acquisition of these shares by transfer

(5) A proposal to approve an amendment to the Articles of Incorporation pertaining to the type of shares subject to stock acquisition rights, that will establish a provision requiring the Bank's approval for acquisition of shares of this type by transfer, or a provision stating that the Bank shall acquire all shares of this type by resolution of the General Meeting of Shareholders

9. Other details, etc. regarding the stock acquisition rights

Detailed regulations on the above items 1 to 8 and other details concerning stock 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, etc. for stock acquisition rights.

Reference

The Bank of Iwate Independence Standards for Outside Directors

Based on the premise that Outside Directors 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, including candidates, who do not fall under any of the items shall be deemed “independent” Outside Directors.

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.