

23 June 2015

The Bank of Iwate, Ltd. (Code No. 8345 of TSE 1st Section)

Sachio Taguchi, President

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General Planning Division

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**NOTICE TO THE HOLDERS OF THE BANK OF IWATE, LTD.
U.S.\$100,000,000 Zero Coupon Convertible Bonds due 2018 (the “Bonds”)**

ADJUSTMENT OF CONVERSION PRICE

NOTICE IS HEREBY GIVEN by THE BANK OF IWATE, LTD. (the “**Bank**”) to the holders (“**Bondholders**”) of the outstanding U.S.\$100,000,000 Zero Coupon Convertible Bonds due 2018 (the “**Bonds**”), of an adjustment of the Conversion Price (as defined in the terms and conditions of the Bonds) of the Bonds as follows:

Reason for the adjustment: Adjustment of Conversion Price pursuant to Condition 5.2.4 of the terms and conditions of the Bonds due to the Extraordinary Dividend (as defined in such Condition 5.2.4) resulting from payment of dividends totalling ¥65.0 per Share during the Annual Fiscal Period (as defined in the Conditions). The Bank previously paid an interim dividend of ¥30 per Share and the Bank’s general meeting of shareholders approved a yearend dividend of ¥35 per Share on 23 June 2015.

Conversion Price prior to adjustment: U.S.\$50.03

Conversion Price after adjustment: U.S.\$49.98

Record Date: 31 March 2015 (Japan time)

Effective Date for the new Conversion Price: Retroactively from the day after the Record Date set out above (Japan time)

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