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Stock Code: 8410  
May 31, 2013

## CONVOCAATION NOTICE OF THE 12TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 12<sup>th</sup> Ordinary General Meeting of Shareholders (“the Meeting”) of Seven Bank, Ltd. (“the Company”) will be held as described below. We look forward to your attendance at the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights by mail or electronic means (e.g., the Internet). Please review the “Reference Materials for Ordinary General Meeting of Shareholders” listed below, exercise your voting rights on the enclosed Exercise of Voting Rights Form and ensure that this arrives at the return address no later than 5:30 pm on Monday, June 17, 2013.

[Exercise of Voting Rights in Writing (by Mail)]

Please indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights Form, and return it so that it arrives by the above deadline.

[Exercise of Voting Rights by Electronic Means (e.g., the Internet)]

Please read the “Guidance to the Exercise of Voting Rights by Electronic Means” on pages 56 and 57 of this notice, and exercise your voting rights via the Internet or other electronic means by the above deadline.

Yours Sincerely,

Kensuke Futagoishi, President and Representative Director  
Seven Bank, Ltd.  
6-1 Marunouchi 1-chome,  
Chiyoda-ku, Tokyo

**1. Date and time** Tuesday, June 18, 2013 at 10:00 am (Doors open at 9:00 am)

**2. Place** Providence Hall  
2F, Tokyo Prince Hotel  
3-1 Shibakoen 3-chome, Minato-ku, Tokyo

### **3. Agenda of the Meeting**

Matters to be Reported	1. Report on the Business Report and the Nonconsolidated Financial Statements for the 12 <sup>th</sup> Fiscal Period (from April 1, 2012 to March 31, 2013). 2. Consolidated Financial Statements for the 12 <sup>th</sup> Fiscal Period (from April 1, 2012 to March 31, 2013) and the Report by the Accounting Auditor and the Board of Corporate Auditors on the Results of Audit on Said Consolidated Financial Statements.
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Resolutions	Proposal 1	Election of Eleven Directors
	Proposal 2	Election of Two Corporate Auditors

#### **4. Matters decided in convening the Meeting**

- (1) Should you exercise your voting rights both by mail and via the Internet, etc., the exercise of voting rights via the Internet voting system shall prevail. If you have exercised your voting rights more than once via the Internet, only the last vote shall prevail.
- (2) Should you indicate neither approval nor disapproval on the Exercise of Voting Rights Form, it shall be treated as an approval vote.
- (3) Should you wish to exercise non-uniform voting rights, please provide written notification to this effect, together with the reasons for your decision, no less than three days prior to the Meeting.

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#### **Notes:**

1. If you attend the Meeting in person, please present the enclosed Exercise of Voting Rights Form to the receptionist at the Meeting.
2. Any amendments to the Reference Materials for Ordinary General Meeting of Shareholders, the Business Report and the Consolidated and Nonconsolidated Financial Statements will be disclosed on the Company's Web site (<http://www.sevenbank.co.jp/english/ir/library/meeting/>).

Reference documents

## Business Report for the 12<sup>th</sup> Term (from April 1, 2012, to March 31, 2013)

### 1. Current status of the Company

#### (1) Business trends and outcomes

##### Key operations

Seven Bank provides a range of cash deposit and withdrawal services via an extensive Automated Teller Machine (ATM) network operating 24 hours a day, 365 days a year. The ATM network consists of ATM machines at airports, train stations and outlets of banking and financial institutions, as well as retail outlets including Seven-Eleven and Ito-Yokado, which belong to Seven & i Group (the “Group”), backed by partnerships with a wide variety of financial institutions including regular banks, *shinkin* banks, credit cooperatives, labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, securities companies, life insurance companies, credit card companies and consumer finance companies.

Seven Bank also provides convenient deposit accounts combining ordinary deposits, time deposits, loan services and international money transfer services accessible from more than 18,000 ATMs nationwide, the Internet and mobile phones, primarily for the benefit of personal customers.

##### Financial and economic environment

During the fiscal year under review, signs of recovery were seen in the Japanese economy, reflecting steady domestic and global demand. The recovery trend is expected to continue, supported by steady public investment and consumer spending. We saw a sign that the decline in exports finally bottomed out.

The financial environment continued to be relaxed. With rising demand from corporations for funding particularly for operating capital and M&A funding, the available funds (the difference between the credit line and the loan balance) at financial institutions increased compared with the previous year, reflecting a continuing favorable fund procurement environment.

#### Business trends and outcomes for the fiscal year under review

##### 1) ATM services

During fiscal 2012, Seven Bank added more ATMs within and outside the Group. In addition, we worked to increase our partner financial institutions to enhance the convenience for the customers of these financial institutions when they use our ATMs.

Also during fiscal 2012, we established new partnerships with 114Bank (May 2012), THE NISHI-NIPPON CITY BANK, LTD. (May 2012), Hokuto Bank, Ltd. (May 2012), The Senshu Ikeda Bank, Ltd. (August 2012), THE KAGAWA BANK, LTD. (October 2012), THE TOKUSHIMA BANK, Ltd. (October 2012), Ogaki Kyoritsu Bank, Ltd. (November 2012), Michinoku Bank Co., Ltd. (January 2013), THE TOYAMA BANK, Ltd. (January 2013), and The Awa Bank, Limited (February 2013), as well as one *shinkin* bank and one other financial institution. As a result, we now partner with 113 banks,<sup>1</sup> 264 *shinkin* banks,<sup>2</sup> 132 credit cooperatives,<sup>3</sup> 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, nine securities companies, eight life insurance companies and 42 other financial institutions.<sup>4</sup> Thus, we had 584 business partners<sup>5</sup> as of March 31, 2013.

Within the Group, we have installed ATMs in areas with new Seven-Eleven stores, for example, in Shikoku, where Seven-Eleven Japan, Co., Ltd., had new store openings during the fiscal year under review, and in Kagoshima Prefecture, where Seven-Eleven had new

store openings during the previous fiscal year. We also added more ATMs at Seven-Eleven stores with high usage rates (1,209 stores had more than one ATM at the end of fiscal 2012). As for operations outside the Group, demand for our ATMs grew especially because cards issued overseas could also be used. Locations where we installed ATMs included the JR Tokyo Station Marunouchi North entrance dome, eight stations on five Tokyo Metro lines and Naha Airport. In addition, during the Annual Meeting of the International Monetary Fund (IMF) and the World Bank Group (October 2012), at its main venue, we offered ATM services.

As a result of such initiatives, the number of our ATMs installed reached 18,123 as of March 31, 2013 (up 8.9% compared with the end of March 2012). The average daily transactions per ATM were 111.1 (down 1.4% year over year), and a total of 698 million transactions were recorded (up 6.5% year over year).

- Notes:
1. We had partnerships with 105 banks at the end of March 2012. Ten banks were newly added as partners, one ceased to be a partner due to a merger and another ceased to be a partner due to the end of the contract, resulting in 113 bank partnerships at the end of March 2013.
  2. We had partnerships with 265 *shinkin* banks at the end of March 2012. The loss of one *shinkin* bank due to a merger resulted in 264 such partnerships at the end of March 2013.
  3. We had partnerships with 132 credit cooperatives at the end of March 2012. One was newly added as a partner and one ceased to be a partner due to a merger, resulting in the same number of such partnerships at the end of March 2013.
  4. We had partnerships with 42 other financial institutions at the end of March 2012. One financial institution was newly added as a partner and one ceased to be a partner due to the end of the contract, resulting in the same number of such partnerships at the end of March 2013.
  5. JA Bank and JF Marine Bank are each counted as one institution.

## 2) Financial services business

Seven Bank had 1,066 thousand individual customer accounts at the end of March 2013 (up 9.7% compared with the end of March 2012) and 23 thousand contract accounts for personal loan services (up 35.1% year over year).

With regard to the international money transfer service, mainly used by foreign customers residing in Japan, the number of contract accounts and money transfers both increased steadily. In the fiscal year under review, the second year since the start of this service, the number of accounts under contract was 35 thousand and the number of money transfers made during the year was 189 thousand. For further convenience, we added three languages in addition to the six other languages previously provided—Thai, Vietnamese and Indonesian—to our phone support and now offers 9 languages in total.

## 3) Overseas subsidiaries

In October 2012, Seven Bank acquired all issued shares in Financial Consulting & Trading International, Inc., a U.S. ATM operation company, and made it its consolidated subsidiary.

## 4) Operating results

Seven Bank recorded ordinary income of 94,105 million yen (up 6.5% year over year), ordinary profit of 32,013 million yen (up 8.3% year over year) and net income of 19,515 million yen (up 13.0% year over year).

Both revenues and profits increased as total ATM transaction levels continued to rise steadily due to the increase in the number of our ATMs installed and the increase in transactions at deposit-taking financial institutions, as well as a turnaround of nonbank transactions that had declined due to the implementation of the revised Money Lending Business Act.

Consolidated ordinary income was 94,965 million yen, consolidated ordinary profit was 31,871 million yen and consolidated net income was 19,377 million yen.

## 5) Assets, liabilities and net assets

Total assets at the end of March 2013 were 809,465 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 471,806 million yen.

The remainder mostly consisted of marketable securities of 83,620 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 174,900 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 672,374 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 394,315 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 143,925 million yen and the balance of time deposits was 107,348 million yen.

Net assets were 137,091 million yen. Of these, retained earnings were 75,759 million yen.

### **Issues the Company needs to overcome**

Improvements in the earning environment are expected for fiscal 2013 because the number of our ATMs to be installed is expected to grow along with the opening of more Seven-Eleven stores and the growth in the number of nonbank transactions will likely continue. On the other hand, changes in domestic and overseas macro economies could affect our earning environment.

To achieve sustainable growth under these circumstances, we need to 1) further enhance our ATM business, 2) quickly make our financial services business profitable and 3) take initiatives to establish international and new businesses. We recognize that the creation of a broad-based earnings structure through these initiatives is critical.

Specific projects and programs for the above are as follows:

- 1) In the ATM business, in addition to expanding the number of partner financial institutions and the number of our ATMs installed, we will strive to improve ATM operation rates, particularly for ATMs installed outside the Group. In expanding the number of partner financial institutions, we will aim to improve convenience for customers using our ATMs and strengthen our approach toward non-partner financial institutions. In expanding our ATM installed base, we will take proactive initiatives for operations outside the Group while continuing to steadily install ATMs within the Group. To improve ATM operation rates, for installations outside the Group we will strive to select locations where high usage by customers can be expected. After ATM installation, we will conduct promotional activities for the use of ATMs, both within and outside the Group. In addition, we will steadily pursue the replacement of our existing ATMs with our third-generation ATMs, which got under way in fiscal 2011, and strive to ensure a secure environment where customers can use ATMs safely.
- 2) Among existing financial services businesses, we will improve the convenience of Seven Bank accounts and aim to quickly make our new services profitable. For our international money transfer services, we intend to further cultivate and expand our user base. In personal loan services, we aim to increase the number of contract accounts by improving awareness of the service.
- 3) In international businesses, we will share know-how and expertise and supplement each other to pursue synergies with the U.S. company that the Company purchased in the fiscal year under review. To this end, we will nurture human resources who can make that happen. With respect to other new businesses, we will cultivate new business opportunities to fully utilize our know-how and infrastructure.

Seven Bank will meet the expectations of its shareholders by expanding its ATM user base and developing its revenue base through these initiatives.

We trust that this outlook appeals to our shareholders, and we look forward to your continued support for the Company's ongoing operations.

## (2) Assets and profit/loss

(100 millions of yen)

	FY2009	FY2010	FY2011	FY2012
Deposits	2,087	3,126	3,315	3,943
Time deposits	633	1,406	1,349	1,549
Others	1,453	1,720	1,966	2,394
Bonds	900	900	540	1,390
Loans receivable	1	5	19	33
To individuals	1	5	19	33
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	894	999	988	836
Government bonds	770	956	966	706
Others	123	43	21	129
Total assets	5,027	6,000	6,529	8,094
Amount of domestic exchange handled	118,127	241,459	267,094	277,536
Amount of foreign exchange handled	Millions of U.S. dollars —	Millions of U.S. dollars 0	Millions of U.S. dollars 15	Millions of U.S. dollars 85
Ordinary profit	Millions of yen 30,407	Millions of yen 27,449	Millions of yen 29,557	Millions of yen 32,013
Net income for the term	Millions of yen 17,953	Millions of yen 16,008	Millions of yen 17,267	Millions of yen 19,515
Net income per share for the term	Yen 14.71	Yen 13.19	Yen 14.49	Yen 16.38

Notes: 1. Figures in the table are rounded off to the nearest whole unit.

2. As of December 1, 2011, the Company conducted a 1,000-for-1 stock split for its common stock. For net income per share for the terms from FY2009 to FY2011, the amount stated assumes that a retroactive adjustment has been conducted, with the stock split occurring at the beginning of FY2009.

## (Reference) Assets and profit/loss of the Group

(100 millions of yen)

	FY2009	FY2010	FY2011	FY2012
Consolidated ordinary income	—	—	—	949
Consolidated ordinary profit	—	—	—	318
Consolidated net income	—	—	—	193
Consolidated net assets	—	—	—	1,380
Consolidated total assets	—	—	—	8,125

Notes: 1. Figures in the table are rounded off to the nearest whole unit.

2. The Company started to compile consolidated financial statements from the consolidated fiscal year under review.

## (3) Employees

	Current FY end	Previous FY end
Number of employees	336	324
Average age	42 years, 8 months	42 years, 11 months
Average years of service	5 years, 7 months	5 years, 3 months
Average monthly salary	447 thousand yen	439 thousand yen

Notes: 1. Figures for average age, average years of service and average monthly salary are rounded off to the nearest whole unit.

2. Number of employees does not include temporary or part-time employees.  
 3. Average monthly salary is the average figure for March, excluding bonuses.

#### (4) Outlets and branch stores

##### A. Growth in numbers of outlets and branch stores

	Current FY end		Previous FY end	
	Total	(Outlets)	Total	(Outlets)
Tokyo metropolitan region	21	(3)	21	(3)
Saitama Prefecture	1	(1)	1	(1)
Chiba Prefecture	1	(1)	1	(1)
Total	23	(5)	23	(5)

- Notes: 1. Outlets and branch stores included the headquarters, 17 virtual branch stores (12 individual, 5 corporate) and 5 manned outlets.  
 2. In addition to the above, non-store ATMs were installed in 16,531 locations at the end of the current fiscal year (up from 15,161 at the end of the previous year).

##### B. New outlets and branch stores

There were no new outlets and branch stores.

Note: There were 1,694 new non-store ATMs installed, but 324 non-store ATMs were closed.

##### C. Bank agencies

There were no bank agencies acting on behalf of the Company.

##### D. Bank agency services

Name/trading name of affiliated financial institution
Sumitomo Mitsui Banking Corporation
The Chiba Bank, Ltd.
Saitama Resona Bank, Ltd.
Sony Bank Inc.
Orix Bank Corporation

#### (5) Plant and equipment investment

##### A. Total value of investment

(Unit: million yen)

Total plant and equipment investment	21,918
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- Notes: 1. The above figure is rounded off to the nearest whole unit.  
 2. The above figure represents total investment in tangible and intangible fixed assets (excluding transfers from temporary accounts).

##### B. Major plant and equipment projects

(Unit: million yen)

Details	Value
ATMs	13,044
Software	7,118

Note: All figures are rounded off to the nearest whole unit.

## (6) Key parent and affiliate company relationships

### A. Parent companies

Name	Location	Main businesses	Founded	Capital	Percentage of voting rights in the Company owned by the parent company	Other
Seven & i Holdings Co., Ltd.	Chiyoda-ku, Tokyo	Pure holding company	September 1, 2005	million yen 50,000	% 45.81 (45.81)	—

Note: Parentheses indicate indirect ownership.

The parent company has a deposit transaction relationship with the Company.

### B. Subsidiary companies

Name	Location	Main businesses	Founded	Capital	Percentage of voting rights in the Company owned by the parent company	Other
Financial Consulting & Trading International, Inc.	California, USA	ATM operation business	August 25, 1993	million U.S. dollars 19	% 100	—

## (7) Assignment of business

Date of the assignment of business	Assignment of business
October 6, 2012 (Japan time)	The Company acquired all issued shares of Financial Consulting & Trading International, Inc.

## (8) Other key matters in relation to the bank

### Major loan sources

(Unit: million yen)

Loan source	Value of loans
Mitsubishi UFJ Trust and Banking Corporation	10,000
The Dai-ichi Life Insurance Company, Limited	7,000
Nippon Life Insurance Company	4,000
Meiji Yasuda Life Insurance Company	2,000
Sumitomo Life Insurance Company	2,000
Mitsui Sumitomo Insurance Company, Limited	2,000



## 2. Directors and Statutory Auditors

### (1) Directors

(As of the end of fiscal year)

Name	Position Area of responsibility	Other posts held concurrently	Other
Takashi Anzai	Chairman and Representative Director	Director, Seven & i Holdings Co., Ltd.	—
Masatoshi Wakasugi	Vice Chairman and Director, Executive Officer [Business in Charge] Human Resources Division		—
Kensuke Futagoishi	President and Representative Director [Business in Charge] Internal Audit Division		—
Yasuaki Funatake	Director, Managing Executive Officer, General Manager of Planning Division [Business in Charge] Planning Division, General Affairs Division and Business Transformation Division		—
Kazuhiko Ishiguro	Director, Executive Officer, General Manager of System Division [Business in Charge] System Division, ATM Solution Division, and Product Development and Promotion Division		—
Taku Oizumi	Director, Executive Officer [Business in Charge] Research Division, Treasury Division and Strategic Business Development Division	Director, Financial Consulting & Trading International, Inc.	—
Yoji Ohashi	Director (External Director)	Chairperson and Director, All Nippon Airways Co., Ltd. (currently ANA HOLDINGS INC.)	—
Toshikazu Tamura	Director (External Director)		—
Yuko Miyazaki	Director (External Director)	Attorney-at-law (Partner, Nagashima Ohno & Tsunematsu)	—
Tadahiko Ujii	Director (External Director)	Adviser of Seven & i Holdings Co., Ltd.	—
Toshiaki Ikeda	Statutory Auditor (full-time)		—
Masaharu Hino	Statutory Auditor (External Statutory Auditor)	Attorney-at-law (President, Masaharu Hino Law Office)	—
Tetsuya Katada	Statutory Auditor (External Statutory Auditor)		—
Naomi Ushio	Statutory Auditor (External Statutory Auditor)	Professor, School of Information and Communication, Meiji University	—

Note: Yoji Ohashi, Toshikazu Tamura, Masaharu Hino, Tetsuya Katada and Naomi Ushio have been registered as Independent Officers with the Tokyo Stock Exchange.

### (2) Remuneration for Directors and Statutory Auditors of the Company

(Unit: million yen)

Category	Number of persons	Remuneration level
Director	10	306 (inclusive of 63 million yen in non-salary payments)
Statutory Auditor	4	46
Total	14	352 (inclusive of 63 million yen in non-salary payments)

- Notes: 1. Amounts smaller than a single unit have been discarded.  
2. The "Remuneration level" in the above table includes as "non-salary payments" 63 million yen of new share subscription rights granted to six directors as stock options by resolution of the Board of Directors on July 6, 2012.  
3. In addition to the above, an amount of 29 million yen equivalent to bonus payments has been made to persons who are both employees and directors of the Bank.  
4. There are no directors' bonuses or retirement benefits for directors and auditors.

5. In accordance with a resolution of the 11th Ordinary General Meeting of Shareholders held on June 19, 2012, the annual limit of remuneration for directors was determined to be 350 million yen (including 60 million yen for external directors). Furthermore, separately from the directors' emoluments, an annual limit of 100 million yen was set for stock options granted to directors.
6. The annual limit of remuneration for Statutory Auditors was determined to be 100 million yen by resolution of the 7th Ordinary General Meeting of Shareholders held on June 18, 2008.

### 3. External Directors and External Statutory Auditors

#### (1) Concurrent posts held by External Directors and External Statutory Auditors

Name	Concurrent posts
Yoji Ohashi	Chairperson and Director, ANA HOLDINGS INC. There are no major business interests and other relationships between the Company and ANA HOLDINGS INC.
Toshikazu Tamura	None
Yuko Miyazaki	Attorney-at-law (Partner, Nagashima Ohno & Tsunematsu) There are no major business interests and other relationships between the Company and Nagashima Ohno & Tsunematsu.
Tadahiko Ujiei	Adviser of Seven & i Holdings Co., Ltd. (parent company with business interests in the Company)
Masaharu Hino	Attorney-at-law (President, Masaharu Hino Law Office) There are no major business interests and other relationships between the Company and Masaharu Hino Law Office.
Tetsuya Katada	None
Naomi Ushio	Professor, School of Information and Communication, Meiji University There are no major business interests and other relationships between the Company and Meiji University.

#### (2) Contribution of External Directors and External Statutory Auditors

Name	Appointment period	Attendance at meetings of the Board of Directors during current fiscal year	Verbal input and other contributions at the Board of Directors
Yoji Ohashi	June 2008 to present	Attended 10 of 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Toshikazu Tamura	As above	Attended all 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive and a university professor
Yuko Miyazaki	June 2012 to present	Attended all 11 meetings of the Board of Directors held following her appointment	Contributed advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on her experience as an Attorney-at-law
Tadahiko Ujiei	April 2001 to present	Attended all 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Masaharu Hino	June 2005 to present	Attended all 13 meetings of the Board of Directors Attended all 14 meetings of the Board of Auditors	Contributed advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on his experience as an Attorney-at-law
Tetsuya Katada	June 2010 to present	Attended all 13 meetings of the Board of Directors Attended all 14 meetings of the Board of Auditors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Naomi Ushio	June 2011 to present	Attended 12 of 13 meetings of the Board of Directors Attended 13 of 14 meetings of the Board of Auditors	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as a university professor

#### (3) Liability limitation agreements

On the basis of the provisions of Article 427, Section 1, of the Companies Act, the Company has concluded agreements with all External Directors and External Statutory Auditors for limitation of indemnity liability as provided in Article 423, Section 1, of the Companies Act.

The amount of the liability limitation under the agreement is as provided by law.

#### (4) Remuneration for External Directors and External Statutory Auditors

	Number of persons	Remuneration from Seven Bank	Remuneration from the bank's parent company and others
Total remuneration	7	55 million yen	6 million yen

Notes: 1. All figures are rounded to the nearest whole unit.  
2. External Directors and External Statutory Auditors did not receive executive bonuses, stock options or retirement benefits.

#### (5) Input from External Directors and External Statutory Auditors

Nothing to report

#### 4. Company stock

(1) Number of shares	Total number of shares available for issue	Common stock	4,763,632 thousand shares
	Total number of shares issued	Common stock	1,190,949 thousand shares

(2) Shareholders as at end of term 35,198

#### (3) Major shareholders

Shareholder name/title	Shareholding in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	(thousand shares) 453,639	38.09
Ito-Yokado Co., Ltd.	46,961	3.94
State Street Bank and Trust Company (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	45,789	3.84
York-Benimaru Co., Ltd.	45,000	3.77
Japan Trustee Services Bank Ltd. (trust account)	32,202	2.70
The Master Trust Bank of Japan, Ltd. (trust account)	30,386	2.55
JPMorgan Chase Bank 385174 (standing proxy: Mizuho Corporate Bank, Ltd., Settlement & Sales Division)	25,954	2.17
The Chase Manhattan Bank 385036 (standing proxy: Mizuho Corporate Bank, Ltd., Settlement & Sales Division)	17,128	1.43
NORTHERN TRUST CO. AVFC RE FIDELITY FUNDS (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	15,453	1.29
Sumitomo Mitsui Banking Corporation	15,000	1.25
The Dai-ichi Life Insurance Company, Limited (standing proxy: Trust & Custody Services Bank, Ltd.)	15,000	1.25

Notes: 1. In regard to the "Number of shares" above, less than 1,000 shares were rounded down.  
2. The percentage of holdings above was calculated, excluding treasury stock (126 shares), with the third decimal place rounded down.  
3. The Company received a report that the large shareholding report, dated March 21, 2013, submitted by FMR LLC to the Director of the Kanto Local Finance Bureau, states that the firm holds 62,450,000 shares (holding ratio: 5.24%) as of March 15, 2013. However, because the Company was unable to verify the actual number of shares held by the firm as of March 31, 2013, the firm is not included in the list of major shareholders above.

#### (4) Other important items concerning the Company shares

Nothing to report

## 5. Items concerning the Company's stock acquisition rights, etc.

### (1) The Company's stock acquisition rights owned by Directors and Statutory Auditors as of the end of the fiscal year

Name	Seven Bank First Round – (1) Stock acquisition rights	Seven Bank Second Round – (1) Stock acquisition rights
Issuance decided	June 18, 2008	July 10, 2009
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	157 (4 persons)	171 (4 persons)
Directors (excluding external directors)	157 (4 persons)	171 (4 persons)
External Directors	—	—
Statutory Auditors	—	—
Number and type of shares to be acquired per stock acquisition right	157,000 shares of common stock (1,000 shares per stock acquisition right)	171,000 shares of common stock (1,000 shares per stock acquisition right)
Amount to be paid per stock acquisition right	236,480 yen	221,862 yen
Capital to be issued on exercise of stock acquisition rights	1,000 yen per stock acquisition right	1,000 yen per stock acquisition right
Exercise period for stock acquisition rights	From August 13, 2008, to August 12, 2038	From August 4, 2009, to August 3, 2039
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as a Director.

Name	Seven Bank Third Round – (1) Stock acquisition rights	Seven Bank Fourth Round – (1) Stock acquisition rights
Issuance decided	July 9, 2010	July 1, 2011
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	423 (5 persons)	440 (5 persons)
Directors (excluding external directors)	423 (5 persons)	440 (5 persons)
External Directors	—	—
Statutory Auditors	—	—
Number and type of shares to be acquired per stock acquisition right	423,000 shares of common stock (1,000 shares per stock acquisition right)	440,000 shares of common stock (1,000 shares per stock acquisition right)
Amount to be paid per stock acquisition right	139,824 yen	127,950 yen
Capital to be issued on exercise of stock acquisition rights	1,000 yen per stock acquisition right	1,000 yen per stock acquisition right
Exercise period for stock acquisition rights	From August 10, 2010, to August 9, 2040	From August 9, 2011, to August 8, 2041
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as a Director.

Name	Seven Bank Fifth Round – (1) Stock acquisition rights
Issuance decided	July 6, 2012
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	363 (6 persons)
Directors (excluding external directors)	363 (6 persons)
External Directors	—
Statutory Auditors	—
Number and type of shares to be acquired per stock acquisition right	363,000 shares of common stock (1,000 shares per stock acquisition right)
Amount to be paid per stock acquisition right	175,000 yen
Capital to be issued on exercise of stock acquisition rights	1,000 yen per stock acquisition right
Exercise period for stock acquisition rights	From August 7, 2012, to August 6, 2042
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as a Director.

- Notes: 1. The details of Seven Bank First Round – (1) Stock acquisition rights were partially amended by the resolution adopted by the Board of Directors' meeting held on July 18, 2008, and the table above shows the revised version.
2. With regard to the Seven Bank First to Fourth Rounds – (1), the number of shares to be acquired per stock acquisition right states the number of shares after adjustment for the 1,000-for-1 stock split for common stock that was conducted on December 1, 2011.

## (2) Stock acquisition rights granted to employees, etc., during the fiscal year

Name	Seven Bank Fifth Round – (2) Stock acquisition rights
Issuance decided	July 6, 2012
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	77 (7 persons)
Executive Officers	77 (7 persons)
Number and type of shares to be acquired per stock acquisition right	77,000 shares of common stock (1,000 shares per stock acquisition right)
Amount to be paid per stock acquisition right	175,000 yen
Capital to be issued on exercise of stock acquisition rights	1,000 yen per stock acquisition right
Exercise period for stock acquisition rights	From August 7, 2012, to August 6, 2042
Conditions for exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeiture of status as an Executive Officer (in cases where the holder has taken the position of Director, then the day on which the position of Director is forfeited).

## 6. Items concerning Accounting Auditors

### (1) Accounting Auditors

Company and individual names	Emoluments, etc., for the fiscal year	Other
KPMG AZSA LLC Designated Limited Liability Partners: CPA Youichi Ozawa CPA Seiki Miyata	57 million yen	The Company pays accounting auditors consideration for comfort letters preparation relating to share offerings, which is outside the scope of work stipulated under Article 2, Item 1, of the CPA Law.

Notes: 1. Amounts smaller than a single unit have been discarded.

2. Regarding audit contracts between the Company and its Accounting Auditors, as no distinction is made, or can realistically be made, between amounts paid to auditors as auditors' emoluments based on the Companies Act and those based on the Financial Instruments and Exchange Law, the amount noted as being paid as "Emoluments, etc., for the fiscal year" states the total of such amounts.

3. Total of money or other assets that the Company and its corporate or other subsidiaries should pay 61 million yen

### (2) Limited liability contracts

Nothing to report

### (3) Other items concerning Accounting Auditors

#### A. Policy on the dismissal or non-reappointment of Accounting Auditors

In cases where circumstances concerning the Accounting Auditors correspond to grounds as specified by the items under Article 340, Section 1, of the Companies Act and its clauses, the Company's Board of Auditors may consider the dismissal of the Accounting Auditors, and, in cases where dismissal of the Accounting Auditors is deemed to be appropriate, shall dismiss the Accounting Auditors on the basis of the agreement of all of the Board of Auditors members. Furthermore, the Company's Board of Directors may, in consideration of the work conducted by the Accounting Auditors and the Company's auditing structure, etc., and with the approval of the Board of Auditors, make a proposal to the General Ordinary Meeting of Shareholders that the Accounting Auditors not be reappointed in cases where they deem that a change of Accounting Auditors is necessary.

#### B. Policy concerning the exercise of authority granted to the Board of Directors by the provisions of the appropriate Articles of Incorporation in cases where such provisions exist under the terms of Article 459, Section 1, of the Companies Act

One of the most important aspects of the Company's management policy is the return of profits to shareholders, therefore it is a key policy of the Company to strive to ensure that a stable dividend is continuously paid from reserves while taking into consideration the need to achieve a balance between ensuring an appropriate level of return of profits to shareholders and retained earnings. The Company's basic policy is the targeting of an annual minimum payout ratio of 35% and the payment of dividends twice (i.e., an interim dividend and a year-end dividend) during the fiscal year.

#### C. In the case of a large company as defined by Article 444, Section 3, of the Companies Act, and where an audit (in accordance with the Companies Act or the Financial Instruments and Exchange Law, or equivalent laws in foreign jurisdictions) of important financial documents (and their equivalents) of corporate or other subsidiaries of the Company is conducted by the Accounting Auditors (including a body with an equivalent qualification in a foreign jurisdiction), or an audit is conducted by a Certified Public Accountant (including a foreign CPA subject to CPA Law 16-2, Item 5) other than the Company's Accounting Auditors, details thereof:

Not applicable

## **7. Basic policy concerning the current status of persons supervising the determination of financial and operational policy**

The Company's policy is to ensure that suitable measures are taken to ensure the continued growth of the Company's business, the strengthening of its corporate governance and the maximization of its corporate value.

## **8. System for the suitable maintenance of operations**

It was resolved at a Board of Directors' meeting held on May 8, 2006, that the relevant steps will be taken to ensure the suitable maintenance of operations of the Company in accordance with Article 362, Section 4, Item 6, of the Companies Act. In accordance with this resolution, each fiscal year the Company undertakes a review of the progress made toward this end. An outline of the review follows:

- 1) System for ensuring that the execution of their duties by Directors is carried out in accordance with the law and the Articles of Incorporation  
The Company has established a "Basic Policy on Compliance" and "Compliance Standards" for the implementation of compliance as regards management. The Directors regularly report to the Board of Directors on the current state of progress made on compliance initiatives.
- 2) System for the storage and control of information related to the execution by Directors of their duties  
Prompt disclosure is to be made in cases where there is a request made either by Directors or Statutory Auditors concerning the suitable and secure storage and control of information related to the execution by Directors of their duties.
- 3) Regulations and other structures for controlling the risk of loss  
The Board of Directors has established a "Basic Policy on Risk Control" comprising systematic provisions for risk control with the aim of securing a sound and effective system for the appropriate control of the Company's operational risk. The Directors regularly report to the Board of Directors about issues related to risk control.
- 4) System for ensuring the efficient execution of their duties by Directors  
The Board of Directors aims to ensure its efficient operation by establishing "Rules for the Board of Directors" and by making provisions for important issues to be placed on its agenda and suitably reported. The Board of Directors has established the Executive Committee for the efficient determination of operational policy initiatives and introduced an executive officer system with the aim of achieving the smooth and efficient implementation of such initiatives.
- 5) System for ensuring that the execution of their duties by employees is carried out in accordance with the law and the Articles of Incorporation  
The Directors have established an appropriate compliance system based on the "Basic Policy on Compliance" and "Compliance Standards." The Directors bear ultimate responsibility for the creation of structures, determination of policy, execution of such policies, verification of their implementation status and assessment of the policies with the aim of ensuring that compliance is maintained in the execution of employee duties.
- 6) Structure for the maintenance of the appropriateness of the Group's operations  
The Directors and employees of the Company, as members of the Seven & i Holdings Group sharing the Group's management philosophy, are united in striving to promote a law-abiding attitude. With the aim of prioritizing the soundness of the Company's management, the Company has established a structure for independent management decision making while continuing to adhere to the arm's-length rule and other measures. To ensure the appropriateness of operations conducted by the Group consisting of the Company and its subsidiaries, the Board of Directors formulates the "Basic Policy to

Manage Subsidiaries,” based on which Directors put a structure in place to manage subsidiaries appropriately.

- 7) Items concerning relevant employees in the case of requests from Statutory Auditors for the deployment of the Company’s employees to support the role of Statutory Auditors  
The Company shall install the Statutory Auditors’ Office and deploy employees dedicated for the Statutory Auditors’ Office. In addition, the Directors shall, when requested by the Statutory Auditors, have bank employees assist with the audit function.
- 8) Items concerning the independence of the Company’s employees who work for the Statutory Auditors from the Directors  
With regard to assistants who belong to the Statutory Auditors’ Office, the Officers in charge of the Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Statutory Auditors concerning personnel transfers, performance evaluations of the personnel, and disciplinary actions.
- 9) System for reports to the Statutory Auditors made by Directors and employees and for other reports to the Statutory Auditors  
On receipt of an explanation of the current state of auditing policy and the implementation of the audit from the Board of Statutory Auditors, the Directors shall determine the issues that should be reported to the Board of Statutory Auditors consulting with the Statutory Auditors and shall duly make their report to the Board of Statutory Auditors. Directors and employees shall promptly report important matters, in addition to legal issues, to the Statutory Auditors.
- 10) Other system for ensuring the effective implementation of the audit by Statutory Auditors  
The Directors and the Internal Audit Division hold regular meetings with the Board of Statutory Auditors to exchange opinions about important auditing issues and deepen their mutual understanding.

**9. Items concerning accounting advisors**

Nothing to report

**10. Other**

Nothing to report



**Balance Sheet**  
at the End of the 12th Term (as of March 31, 2013)

(Unit: million yen)

Category	Amount	Category	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and due from banks</b>	<b>471,806</b>	<b>Deposits</b>	<b>394,315</b>
Cash	440,726	Ordinary deposits	238,770
Due from banks	31,079	Time deposits	154,910
<b>Call loans</b>	<b>30,000</b>	Other deposits	635
<b>Securities</b>	<b>83,620</b>	<b>Negotiable certificates of deposits</b>	300
Government bonds	70,621	<b>Call money</b>	<b>28,300</b>
Stocks	2,322	<b>Borrowed money</b>	<b>34,000</b>
Other securities	10,675	<b>Bonds</b>	<b>139,000</b>
<b>Loans receivable</b>	<b>3,387</b>	<b>Other liabilities</b>	<b>76,109</b>
Current overdrafts	3,387	Income taxes payable	6,193
<b>Other assets</b>	<b>184,221</b>	Accrued expenses	4,579
Prepaid expenses	403	ATM-related temporary advances	61,766
Prepaid pension cost	103	Asset retirement obligations	270
Accrued income	7,725	Other	3,299
ATM-related temporary payments	174,900	<b>Provision for bonuses</b>	<b>349</b>
Other	1,088	<b>Total liabilities</b>	<b>672,374</b>
<b>Tangible fixed assets</b>	<b>17,262</b>	<b>(Net assets)</b>	
Buildings	795	<b>Capital stock</b>	<b>30,509</b>
ATMs	14,114	<b>Capital surplus</b>	<b>30,509</b>
Other (tangible fixed assets)	2,353	Legal capital surplus	30,509
<b>Intangible fixed assets</b>	<b>18,098</b>	<b>Retained earnings</b>	<b>75,759</b>
Software	14,796	Legal retained earnings	0
Software-related temporary accounts	3,293	Other retained earnings	75,759
Other (intangible fixed assets)	8	Retained earnings brought forward	75,759
<b>Deferred tax assets</b>	<b>1,133</b>	<b>Treasury stock</b>	<b>(0)</b>
<b>Allowance for loan losses</b>	<b>(65)</b>	<b>Total shareholders' equity</b>	<b>136,778</b>
		<b>Valuation difference on available-for-sale securities</b>	21
		<b>Total valuation and translation adjustments</b>	21
		<b>Stock acquisition rights</b>	291
		<b>Total net assets</b>	<b>137,091</b>
<b>Total assets</b>	<b>809,465</b>	<b>Total liabilities and net assets</b>	<b>809,465</b>

**Statement of Income**  
for the 12th Term (from April 1, 2012, to March 31, 2013)

(Unit: million yen)

Category	Amount	
<b>Ordinary income</b>		<b>94,105</b>
<b>Interest income</b>	<b>572</b>	
Interest on loans receivable	411	
Interest and dividends on securities	96	
Interest on call loans	60	
Interest on deposits with banks	3	
<b>Fees and commissions income</b>	<b>93,242</b>	
Remittance-related fee income	856	
ATM-related fee income	88,885	
Other fees and commissions income	3,499	
<b>Other ordinary income</b>	<b>49</b>	
Gains on foreign exchange transactions	49	
<b>Other income</b>	<b>241</b>	
Reversal of allowance for loan losses	11	
Other	229	
<b>Ordinary expenses</b>		<b>62,092</b>
<b>Interest expenses</b>	<b>1,627</b>	
Interest on deposits with banks	432	
Interest on negotiable certificates of deposit	48	
Interest on call money	19	
Interest on borrowings and rediscounts	337	
Interest on bonds	790	
<b>Fees and commissions expenses</b>	<b>11,765</b>	
Remittance-related fee expense	432	
ATM placement fee expenses	10,666	
ATM-related fee expenses	456	
Other fees and commissions expenses	209	
<b>Other</b>	<b>405</b>	
Amortization of bond issuance cost	405	
<b>General and administrative expenses</b>	<b>48,259</b>	
<b>Other ordinary expenses</b>	<b>34</b>	
Other ordinary expenses	34	
<b>Ordinary profit</b>		<b>32,013</b>
<b>Extraordinary losses</b>		<b>500</b>
Losses on disposal of noncurrent assets	110	
Impairment loss	389	
<b>Income before income taxes</b>		<b>31,512</b>
<b>Income taxes - current</b>	<b>11,998</b>	
<b>Income taxes - deferred</b>	<b>(2)</b>	
<b>Total income taxes</b>		<b>11,996</b>
<b>Net income</b>		<b>19,515</b>

**Statement of Changes in Net Assets**  
for the 12th Term (from April 1, 2012, to March 31, 2013)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2012	30,505	30,505	30,505	0	64,401	64,401	(0)	125,413
Change in items during the period								
Issuance of new shares	3	3	3	—	—	—	—	6
Dividends from surplus	—	—	—	—	(8,157)	(8,157)	—	(8,157)
Net income	—	—	—	—	19,515	19,515	—	19,515
Net change in items other than shareholders' equity	—	—	—	—	—	—	—	—
Total change in items during the period	3	3	3	—	11,358	11,358	—	11,364
Balance as of March 31, 2013	30,509	30,509	30,509	0	75,759	75,759	(0)	136,778

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2012	(4)	(4)	220	125,629
Change in items during the period				
Issuance of new shares	—	—	—	6
Dividends from surplus	—	—	—	(8,157)
Net income	—	—	—	19,515
Net change in items other than shareholders' equity	26	26	70	96
Total change in items during the period	26	26	70	11,461
Balance as of March 31, 2013	21	21	291	137,091

## Explanatory Notes

Amounts of less than one million yen have been discarded.

### Significant accounting policies

#### 1. Basis and methodology for the valuation of securities

As for valuation of securities, stocks of subsidiary firms and subsidiary corporations are stated at cost using the moving-average method and available-for-sale securities are stated, in principle, at their market values at the balance sheet date (realized gains or losses on sales of such securities are computed using primarily the moving-average method). Provided, however, that available-for-sale securities whose fair market value is deemed to be extremely difficult to identify are stated at cost using the moving-average method. Unrealized gains and losses on available-for-sale securities are reported as a separate component of net assets.

#### 2. Method for calculating depreciation of fixed assets

##### (1) Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets (excluding building-attached facilities) is calculated by the declining-balance method over the estimated useful lives of the assets.

Estimated useful lives of major items are as follows:

Buildings:	6-18 years
ATMs:	5 years
Others:	2-20 years

(Changes in method of accounting that are difficult to distinguish from changes in accounting estimates)

Due to a revision of the Corporation Tax Act, the Company has replaced the method of depreciation for tangible fixed assets obtained on or after April 1, 2012, with the method according to the revised Corporation Tax Act, effective from the fiscal year ended March 31, 2013.

Consequently, compared with the previous accounting method, ordinary profit and income before income taxes each increased by 712 million yen.

##### (2) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized using the straight-line method. Software utilized by the Company is amortized over the period in which it is expected to be utilized (five years).

#### 3. Accounting of deferred assets

Bond issuance cost is fully charged to income when it is disbursed.

#### 4. Translation of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the balance sheet date excluding stocks of subsidiary firms and subsidiary corporations, which are translated into Japanese yen at the exchange rate prevailing at the time of their acquisition.

#### 5. Provisioning standards

##### (1) Allowance for credit losses

An allowance for credit losses is provided as detailed below in accordance with the Company's internal standards for write-offs and provisions.

For credits to obligors classified as normal obligors or watch obligors, on the basis of expected loss ratios and other factors, and defined according to fixed categories, the allowance for credit losses is provided based on the Company's estimated rate of credit losses in accordance with the "Administrative guidelines concerning the self-assessment of assets, bad debt amortization and bad debt reserves for banks and other financial institutions" (Japan CPA Association Bank Audit Special Committee Report No. 4).

For credits to obligors classified as bankruptcy risk obligors, the allowance for credit losses is provided for estimated unrecoverable amounts determined after excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for credit losses is provided in the full amounts of such credits, excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

The Company's Risk Management Division, which is independent from the Company's other divisions, evaluates

all credits in accordance with its internal rules for self-assessment of assets, and its evaluations are audited by the Internal Audit Division, which is independent from the Company's other divisions and the Risk Management Division. The allowance is provided based on the results of these assessments.

(2) Reserve for bonuses

The Company records a reserve for bonuses for employees in the amount of estimated bonuses attributed to the relevant fiscal year.

(3) Employees' severance and retirement benefits

Reserve for employees' severance and retirement benefits is provided for the payment of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related plan assets as of the fiscal year end.

As the estimated amounts of the plan assets exceeded those of the actuarial retirement benefit obligation adjusted for unrecognized prior service cost and unrecognized net actuarial difference, the excess was presented as prepaid pension cost in the balance sheets.

Unrecognized prior service cost and unrecognized net actuarial differences are treated as expenses as follows:

Unrecognized prior service cost:	Amortized using the straight-line method over ten years within the employees' average remaining service period at incurrence.
Unrecognized net actuarial difference:	Amortized using the straight-line method over ten years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

## 6. Method of accounting for hedge transactions

### Interest rate risk hedges

For some liabilities we have employed a special accounting treatment for interest rate swaps. For hedges designed to reduce the impact of volatility in the market for variable interest rates, we have individually identified the hedge target and designated interest rate swap trades as hedge transactions.

## 7. Consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

## Important notes

(Balance sheet)

1. Total amount of stocks (and capital stock) of subsidiaries and affiliates: 10,675 million yen
2. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 5 million yen.  
"Credits to bankrupt obligors" refers to loans receivable for which accrued interest was not declared on the grounds that there are no prospects for the collection or repayment of the principal or interest because the payment of the principal or interest has been continually in arrears for a considerable period of time or for other such reasons (excluding the written-off portion; hereinafter referred to as "loans with undeclared accrued interest") that correspond to any of the situations referred to in (a) through (e) of paragraph 1(3) of Article 96 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) or the situation referred to in paragraph 1(4) of the said Article.  
"Loans in arrears" refers to loans with undeclared accrued interest other than credits to bankrupt obligors and loans for which an interest payment grace period has been granted for the purpose of reestablishing or assisting the business of the obligor.
3. Loans receivable do not include loans in arrears for three months or more.  
"Loans in arrears for three months or more" refers to loans for which the payment of the principal or interest has been in arrears for three months or more counting from the day after the due date agreed upon, excluding credits to bankrupt obligors and loans in arrears.
4. Restructured loans among loans receivable amounts to 0 million yen.  
"Restructured loans" refers to loans for which reduction of interest, interest payment grace period, principal repayment grace period, debt forgiveness or other such arrangements that are advantageous to the obligor have been made for the purpose of reestablishing or assisting the business of the obligor, excluding credits to bankrupt obligors, loans in arrears and loans in arrears for three months or more.
5. Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 6 million yen. The amounts of credits stated in Nos. 2 to 5 above are amounts prior to the

deduction of the allowance for loan losses.

6. For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 70,621 million yen in available-for-sale securities have been provided. Also, 792 million yen in guarantees are included in Other Assets.
7. An overdraft agreement is an agreement to lend funds up to a certain limit if a financing request is received from a customer, unless there is any violation of the terms and conditions of the agreement. The unused balance of funds under such agreements is 1,757 million yen. This includes the unused balance of funds in the amount of 1,757 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 40,295 million yen
9. Total monetary claims on affiliated companies 69 million yen
10. Total monetary liabilities payable to affiliated companies 65,381 million yen
11. Restriction on dividends from retained earnings in accordance with Article 18 of the Banking Law  
When paying a dividend from retained earnings, despite the provisions of the Companies Act Article 445-4 (amount of capital and amount of reserves), on payment of a dividend from retained earnings, one fifth of the amount by which retained earnings has been reduced is to be accounted as capital surplus or retained earnings.  
No amount is accounted for in retained earnings associated with the dividends to be paid from retained earnings during this fiscal year.

(Statement of income)

1. Profit from trading with affiliated companies
  - Total income from fee transactions, etc. 777 million yen
  - Costs deriving from transactions with affiliated companies
    - Total costs deriving from fund raising transactions 6 million yen
    - Total costs deriving from fee transactions, etc. 10,164 million yen
    - Total costs deriving from other transactions 88 million yen
2. During this fiscal year, the Company recorded an impairment loss on the following asset.
  - Principal location: Tokyo Metropolis
  - Principal use: Idle asset
  - Classification : ATM
  - Amount of impairment loss: 389 million yen
  - In grouping assets into units, the Company regards the entire bank as a single unit. Each of the idle assets is recognized as a different unit.
  - Following the replacement of conventional ATMs with new third-generation ATMs, the Company wrote down the book value of the asset group that was deemed unfit for future use to its recoverable value. The reduced amount was recorded as an impairment loss.
  - The recoverable value of the relevant asset group was measured at its net sale value, which was recognized as zero on the grounds that it was highly unlikely for the Company to divert its use for other purposes or sell off the asset.

(Statement of changes in shareholders' equity)

The types and number of shares of treasury stock of the Company are as follows:

(Unit: thousand shares)

	Number of shares at the beginning of this fiscal year	Increase during this fiscal year	Decrease during this fiscal year	Number of shares at the end of this fiscal year	Remarks
Treasury stock					
Common stock	0	—	—	0	
Total	0	—	—	0	

(Securities)

1. Securities held for trading purposes (as of March 31, 2013)  
Not applicable
2. Bonds held to maturity (as of March 31, 2013)  
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2013)  
Not applicable

Note: Stocks of subsidiary firms, subsidiary corporations, affiliates and others whose market value is deemed extremely difficult to identify

	Balance sheet amount (million yen)
Stocks of subsidiary firms and subsidiary corporations	10,675
Total	10,675

These stocks do not have any market price, and their market value is deemed extremely difficult to identify; therefore, they are not included in the "Shares in subsidiary firms, subsidiary corporations, affiliates and others" above.

4. Other securities (as of March 31, 2013)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	178	151	26
	Bonds	60,621	60,614	7
	Government bonds	60,621	60,614	7
	Subtotal	60,800	60,766	33
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds	10,000	10,000	(0)
	Government bonds	10,000	10,000	(0)
	Subtotal	10,000	10,000	(0)
Total		70,800	70,766	33

Note: Other securities whose market value is deemed extremely difficult to identify

Classification	Balance sheet amount (million yen)
Unlisted stocks*	2,144
Total	2,144

\*Unlisted stocks are not included in "Other Securities" above, since they do not have any market price, and their market value is deemed extremely difficult to identify.

5. Bonds held to maturity sold during the fiscal year (from April 1, 2012, to March 31, 2013)  
Not applicable
6. Other securities sold during the fiscal year (from April 1, 2012, to March 31, 2013)  
Not applicable
7. Changes in purpose of holding securities  
Not applicable
8. Securities to which impairment is applied  
Not applicable



(Money held in trust)  
Not applicable

(Tax effect accounting)  
Breakdown of the main reasons for the creation of deferred tax assets and deferred tax liabilities

Deferred tax assets:	
Unpaid corporate tax	512 million yen
Excess depreciation charge	186 million yen
Provision for bonuses	132 million yen
Stock options-related expenses	106 million yen
Asset retirement obligations	96 million yen
Accrued expenses (previously Provision for directors' retirement benefits)	77 million yen
Excess bad debt reserve	24 million yen
Impairment loss	23 million yen
Other	51 million yen
Total deferred tax assets	<u>1,211 million yen</u>
Deferred tax liabilities:	
Prepaid pension cost	(36 million yen)
Adjustment to tangible fixed assets related to asset retirement obligations	(29 million yen)
Valuation difference on available-for-sale securities	(11 million yen)
Total deferred tax liabilities	<u>(77 million yen)</u>
Net deferred tax assets	1,133 million yen

(Related party information)

1. Dealings with related parties

(1) Parent company and important corporate shareholders etc.

Type	Name	Address	Capital (million yen)	Content of business or operations	% of voting rights	Relationship	Transactions	Transaction amount (million yen)	Item	Amounts outstanding at term end (million yen)
Other related company	Seven-Eleven Japan	Chiyoda-ku Tokyo	17,200	Convenience store operation	38.09%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	10,164	Accrued expenses (Note 2)	928

- Notes: 1. Conditions of transactions and method for determining conditions for transactions  
The business terms and conditions and decision-making process related to ATM placement fee expenses comprehensively take into account the consideration for outsourcing of office work and Seven-Eleven Japan's total infrastructure costs.
2. Consumption tax and other taxes are not included in the transaction amounts, but the end of term outstanding balance includes consumption tax and other taxes.

(2) Subsidiaries and related companies etc.

None

(3) Companies with the same parent and subsidiaries of related companies etc.

Type	Name	Address	Capital (million yen)	Content of business or operations	% of voting rights	Relationship	Transactions	Transaction amount (million yen)	Item	Amounts outstanding at term end (million yen)
Companies with the same parent company, etc.	Seven & i Financial Center Co., Ltd.	Chiyoda-ku Tokyo	10	Banking-related operation	-	Capital transactions	Handling of negotiable certificates of deposits (Note 2)	41,342	Negotiable certificates of deposits	—
							Interest on negotiable certificates of deposits (Note 1)	47	Accrued expenses	—

- Notes: 1. Conditions of transactions and method for determining conditions for transactions  
The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
2. The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the current fiscal year.

(4) Directors and individual shareholders etc.

None

2. Notes about parent company or important related companies

(1) Parent company information

Seven & i Holdings Co., Ltd. (listed on the First Section of Tokyo Stock Exchange)

(2) Summary financial information about important related companies

None

(Business combination)

The description is omitted hereby because the same content is stated in (Business combination) in the Explanatory Notes (Consolidated).

(Per share information)

Net assets per share	114.86 yen
Net income per share	16.38 yen
Diluted net income per share	16.36 yen

(Significant subsequent events)

None

**Consolidated Balance Sheet**  
at the End of the 12th Term (as of March 31, 2013)

(Unit: million yen)

Category	Amount	Category	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and due from banks</b>	<b>472,012</b>	<b>Deposits</b>	<b>394,315</b>
<b>Call loans</b>	<b>30,000</b>	<b>Negotiable certificates of deposits</b>	<b>300</b>
<b>Securities</b>	<b>72,944</b>	<b>Call money</b>	<b>28,300</b>
<b>Loans receivable</b>	<b>3,387</b>	<b>Borrowed money</b>	<b>34,000</b>
<b>ATM-related temporary payments</b>	<b>174,900</b>	<b>Bonds</b>	<b>139,000</b>
<b>Other assets</b>	<b>9,415</b>	<b>ATM-related temporary advances</b>	<b>61,766</b>
<b>Tangible fixed assets</b>	<b>17,636</b>	<b>Other liabilities</b>	<b>14,626</b>
Buildings	795	<b>Provision for bonuses</b>	<b>366</b>
ATMs	14,407	<b>Deferred tax liabilities</b>	<b>1,811</b>
Other (tangible fixed assets)	2,433	<b>Total liabilities</b>	<b>674,486</b>
<b>Intangible fixed assets</b>	<b>31,166</b>	<b>(Net assets)</b>	
Software	14,831	<b>Capital stock</b>	<b>30,509</b>
Goodwill	7,452	<b>Capital surplus</b>	<b>30,509</b>
Other (intangible fixed assets)	8,882	<b>Retained earnings</b>	<b>75,621</b>
<b>Deferred tax assets</b>	<b>1,133</b>	<b>Treasury stock</b>	<b>(0)</b>
<b>Allowance for loan losses</b>	<b>(65)</b>	<b>Total shareholders' equity</b>	<b>136,639</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>21</b>
		<b>Foreign currency translation adjustment</b>	<b>1,092</b>
		<b>Total accumulated other comprehensive income</b>	<b>1,114</b>
		<b>Stock acquisition rights</b>	<b>291</b>
		<b>Total net assets</b>	<b>138,045</b>
<b>Total assets</b>	<b>812,531</b>	<b>Total liabilities and net assets</b>	<b>812,531</b>

**Consolidated Statement of Income**  
for the 12th Term (from April 1, 2012, to March 31, 2013)

(Unit: million yen)

Category	Amount	
<b>Ordinary income</b>		<b>94,965</b>
<b>Interest income</b>	<b>572</b>	
Interest on loans receivable	411	
Interest and dividends on securities	96	
Interest on call loans	60	
Interest on deposits with banks	3	
<b>Fees and commissions income</b>	<b>94,046</b>	
Remittance-related fee income	856	
ATM-related fee income	89,690	
Other fees and commissions income	3,499	
<b>Other ordinary income</b>	<b>49</b>	
<b>Other income</b>	<b>296</b>	
Reversal of allowance for loan losses	11	
Other	284	
	<hr/>	
<b>Ordinary expenses</b>		<b>63,094</b>
<b>Interest expenses</b>	<b>1,627</b>	
Interest on deposits with banks	432	
Interest on negotiable certificates of deposit	48	
Interest on call money	19	
Interest on borrowings and rediscounts	337	
Interest on bonds	790	
<b>Fees and commissions expenses</b>	<b>12,217</b>	
Remittance-related fee expense	432	
ATM placement fee expenses	11,045	
ATM-related fee expenses	516	
Other fees and commissions expenses	222	
<b>Other</b>	<b>405</b>	
<b>General and administrative expenses</b>	<b>48,809</b>	
<b>Other ordinary expenses</b>	<b>34</b>	
Other ordinary expenses	34	
	<hr/>	
<b>Ordinary profit</b>		<b>31,871</b>
<b>Extraordinary losses</b>		<b>500</b>
Losses on disposal of noncurrent assets	111	
Impairment loss	389	
	<hr/>	
<b>Income before income taxes and minority interests</b>		<b>31,370</b>
<b>Income taxes - current</b>	<b>11,999</b>	
<b>Income taxes - deferred</b>	<b>(6)</b>	
	<hr/>	
<b>Total income taxes</b>		<b>11,992</b>
	<hr/>	
<b>Income before minority interests</b>		<b>19,377</b>
	<hr/>	
<b>Net income</b>		<b>19,377</b>

**Consolidated Statement of Changes in Net Assets**  
for the 12th Term (from April 1, 2012, to March 31, 2013)

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance as of April 1, 2012	30,505	30,505	64,401	(0)	125,413	(4)	—	(4)
Change in items during the period								
Issuance of new shares	3	3	—	—	6	—	—	—
Dividends from surplus	—	—	(8,157)	—	(8,157)	—	—	—
Net income	—	—	19,377	—	19,377	—	—	—
Net change in items other than shareholders' equity	—	—	—	—	—	26	1,092	1,118
Total change in items during the period	3	3	11,219	—	11,226	26	1,092	1,118
Balance as of March 31, 2013	30,509	30,509	75,621	(0)	136,639	21	1,092	1,114

	Stock acquisition rights	Total net assets
Balance as of April 1, 2012	220	125,629
Change in items during the period		
Issuance of new shares	—	6
Dividends from surplus	—	(8,157)
Net income	—	19,377
Net change in items other than shareholders' equity	70	1,189
Total change in items during the period	70	12,415
Balance as of March 31, 2013	291	138,045

## Explanatory Notes (Consolidated)

Amounts of less than one million yen have been discarded.

### Policy for Preparation of Consolidated Financial Statements

The definition of “subsidiary firms,” “subsidiary corporations” and “affiliates and others” is as set forth in Article 2, Paragraph 8, of the Banking Law and Article 4 (2) of the Order for Enforcement of the Banking Law.

#### 1. Scope of consolidation

- (1) Number of consolidated subsidiary firms and subsidiary corporations: 1  
Name of the subsidiary firm (cooperation): Financial Consulting & Trading International, Inc.  
Financial Consulting & Trading International, Inc. has been consolidated effective from this consolidated fiscal year ended March 31, 2013, as a result of the purchase of its shares by the Company.
- (2) Unconsolidated subsidiary firms and subsidiary corporations:  
Not applicable

#### 2. Application of the equity method

Not applicable

#### 3. Business years, etc., of the consolidated subsidiary firms and subsidiary corporations

- (1) Closing date for the settlement of accounts of the consolidated subsidiary firms and subsidiary corporations  
December 31: 1 company
- (2) In preparing the consolidated financial statements, the financial statements as of December 31 are used with regard to the consolidated subsidiary firms and subsidiary corporations. The financial statements of said company are provided with necessary adjustments for consolidation purposes with regard to material transactions between the closing date above (December 31) and the consolidated closing date (March 31).

#### 4. Amortization of goodwill

Goodwill is equally amortized using the straight-line method over a period of 10 years.

#### 5. Accounting standards

- (1) Basis and methodology for the valuation of securities  
As for valuation of securities, available-for-sale securities are stated, in principle, at their market values at the consolidated balance sheet date (realized gains or losses on sales of such securities are computed using primarily the moving-average method). Provided, however, that available-for-sale securities whose fair market value is deemed to be extremely difficult to identify are stated at cost using the moving-average method. Unrealized gains and losses on available-for-sale securities are reported as a separate component of net assets.
- (2) Method for calculating depreciation of fixed assets
  - 1) Tangible fixed assets (excluding lease assets)  
Depreciation of the Company's tangible fixed assets (excluding building-attached facilities) is calculated by the declining-balance method over the estimated useful lives of the assets.  
Estimated useful lives of major items are as follows:

Buildings:	6-18 years
ATMs:	5 years
Others:	2-20 years

  
Depreciation of the tangible fixed assets of the consolidated subsidiary firms and subsidiary corporations is calculated by the straight-line method over the estimated useful lives of the assets.  
(Changes in method of accounting that are difficult to distinguish from changes in accounting estimates)  
Due to a revision of the Corporation Tax Act, the Company has replaced the method of depreciation for tangible fixed assets obtained on or after April 1, 2012, with the method according to the revised Corporation Tax Act, effective from the fiscal year ended March 31, 2013.  
Consequently, compared with the previous accounting method, ordinary profit and income before income taxes each increased by 712 million yen.

- 2) Intangible fixed assets (excluding lease assets)
- Intangible fixed assets are amortized using the straight-line method. Software utilized by the Company and its consolidated subsidiary firms and subsidiary corporations is amortized over the period in which it is expected to be utilized (mainly five years).
- (3) Provisioning standards
- 1) Allowance for credit losses
- An allowance for credit losses is provided as detailed below in accordance with the Company's internal standards for write-offs and provisions.
- For credits to obligors classified as normal obligors or watch obligors, on the basis of expected loss ratios and other factors, and defined according to fixed categories, the allowance for credit losses is provided based on the Company's estimated rate of credit losses in accordance with the "Administrative guidelines concerning the self-assessment of assets, bad debt amortization and bad debt reserves for banks and other financial institutions" (Japan CPA Association Bank Audit Special Committee Report No. 4).
- For credits to obligors classified as bankruptcy risk obligors, the allowance for credit losses is provided for estimated unrecoverable amounts determined after excluding the portion that is estimated to be recoverable due to available security interests and guarantees.
- For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for credit losses is provided in the full amounts of such credits, excluding the portion that is estimated to be recoverable due to available security interests and guarantees.
- The Company's Risk Management Division, which is independent from the Company's other divisions, evaluates all credits in accordance with its internal rules for self-assessment of assets, and its evaluations are audited by the Internal Audit Division, which is independent from the Company's other divisions and the Risk Management Division. The allowance is provided based on the results of these assessments.
- 2) Reserve for bonuses
- The Company provides the reserve for bonuses for employees in the amount of estimated bonuses attributed to the relevant consolidated fiscal year.
- 3) Employees' severance and retirement benefits
- The Company provides the reserve for employees' severance and retirement benefits for the payment of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related plan assets as of the consolidated fiscal year end.
- As the estimated amounts of the plan assets exceeded those of the actuarial retirement benefit obligation adjusted for unrecognized prior service cost and unrecognized net actuarial difference, the excess was presented as prepaid pension cost in the consolidated balance sheets.
- Unrecognized prior service cost and unrecognized net actuarial differences are treated as expenses as follows:
- |  |  |
|--|--|
| Unrecognized prior service cost:       | Amortized using the straight-line method over ten years within the employees' average remaining service period at incurrence.  |
| Unrecognized net actuarial difference: | Amortized using the straight-line method over ten years within the employees' average remaining service period, commencing from the next consolidated fiscal year of incurrence. |
- (4) Translation of assets and liabilities denominated in foreign currencies
- The Company's assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date.
- Assets and liabilities denominated in foreign currencies of subsidiary firms and subsidiary corporations are translated into Japanese yen mainly at the exchange rate prevailing at their respective balance sheet dates.
- (5) Important method of accounting for hedge transactions
- Interest rate risk hedges
- For some liabilities we have employed a special accounting treatment for interest rate swaps. For hedges designed to reduce the impact of volatility in the market for variable interest rates, we have individually identified the hedge target and designated interest rate swap trades as hedge transactions.
- (6) Consumption taxes
- At the Company, national and local consumption taxes are accounted for using the tax-excluded method.



## Unapplied accounting standards, etc.

1. "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012)

### (1) Summary

The revisions in the above accounting standard and its implementation guidance mainly focused on (a) how unrecognized actuarial gains and losses and unrecognized past service costs should be accounted for and disclosures could be enhanced, and (b) how retirement benefit obligations and current service costs should be determined, from the viewpoint of improvements to financial reporting and international convergence.

### (2) Planned date of application

With regard to (1)(a) above, the Company plans to apply the aforementioned revised accounting standards from consolidated financial statements pertaining to the year-end of the consolidated fiscal year commencing on April 1, 2013. Meanwhile, with regard to (1)(b) above, the Company plans to apply the revisions to the calculation method for retirement benefit obligations and current service costs from the beginning of the consolidated fiscal year commencing on April 1, 2014.

### (3) Impact of the application of the above accounting standards

The impact of the above accounting standards was being estimated when the consolidated financial statements were prepared.

## Important notes

(Consolidated balance sheet)

1. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 5 million yen.  
"Credits to bankrupt obligors" refers to loans receivable for which accrued interest was not declared on the grounds that there are no prospects for the collection or repayment of the principal or interest because the payment of the principal or interest has been continually in arrears for a considerable period of time or for other such reasons (excluding the written-off portion; hereinafter referred to as "loans with undeclared accrued interest") that correspond to any of the situations referred to in (a) through (e) of paragraph 1(3) of Article 96 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) or the situation referred to in paragraph 1(4) of the said Article.  
"Loans in arrears" refers to loans with undeclared accrued interest other than credits to bankrupt obligors and loans for which an interest payment grace period has been granted for the purpose of reestablishing or assisting the business of the obligor.
2. Loans receivable do not include loans in arrears for three months or more.  
"Loans in arrears for three months or more" refers to loans for which the payment of the principal or interest has been in arrears for three months or more counting from the day after the due date agreed upon, excluding credits to bankrupt obligors and loans in arrears.
3. Restructured loans among loans receivable amounts to 0 million yen.  
"Restructured loans" refers to loans for which reduction of interest, interest payment grace period, principal repayment grace period, debt forgiveness or other such arrangements that are advantageous to the obligor have been made for the purpose of reestablishing or assisting the business of the obligor, excluding credits to bankrupt obligors, loans in arrears and loans in arrears for three months or more.
4. Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 6 million yen. The amounts of credits stated in Nos. 1 to 4 above are amounts prior to the deduction of the allowance for loan losses.
5. For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 70,621 million yen in available-for-sale securities have been provided. Also, 824 million yen in guarantees are included in Other Assets.

6. An overdraft agreement is an agreement to lend funds up to a certain limit if a financing request is received from a customer, unless there is any violation of the terms and conditions of the agreement. The unused balance of funds under such agreements is 1,757 million yen. This includes the unused balance of funds in the amount of 1,757 million yen under agreements in which the original term is one year or less.
7. Accumulated depreciation for tangible fixed assets 40,339 million yen
8. Retirement obligations outstanding at the end of current consolidated fiscal year
- |   |                     |
|---|---------------------|
| Projected benefit obligation                                      | (1,689 million yen) |
| Pension assets (market value)                                     | 1,434 million yen   |
| Unfunded projected benefit obligation                             | (255 million yen)   |
| Unrecognized actuarial differences                                | 349 million yen     |
| Unrecognized prior service liabilities (reduction in liabilities) | 10 million yen      |
| Net figure on consolidated balance sheet                          | 103 million yen     |
| Prepaid pension cost  | 103 million yen     |

(Consolidated statement of income)

During this consolidated fiscal year, the Company recorded an impairment loss on the following asset.

Principal location: Tokyo Metropolis

Principal use: Idle asset

Classification : ATM

Amount of impairment loss: 389 million yen

In grouping assets into units, the Company Group groups assets for each operating company that generates cash flows as a single unit. Provided, however, that each of the idle assets is recognized as an identifiable independent unit.

Following the replacement of conventional ATMs with new third-generation ATMs, the Company wrote down the book value of the asset group that was deemed unfit for future use to its recoverable value. The reduced amount was recorded as an impairment loss.

The recoverable value of the relevant asset group was measured at its net sale value, which was recognized as zero on the grounds that it was highly unlikely for the Company to divert its use for other purposes or sell off the asset.

(Consolidated statement of changes in shareholders' equity)

1. The types and number of shares issued and of treasury stock are as follows:

(Unit: thousand shares)

	Number of shares at the beginning of this consolidated fiscal year	Increase during this consolidated fiscal year	Decrease during this consolidated fiscal year	Number of shares at the end of this consolidated fiscal year	Remarks
Shares issued					
Common stock	1,190,908	41	—	1,190,949	(Note)
Total	1,190,908	41	—	1,190,949	
Treasury stock					
Common stock	0	—	—	0	
Total	0	—	—	0	

Note: The increase in the number of issued common stock is due to a stock split and the exercise of stock options.

2. Stock acquisition rights and treasury stock acquisition rights

Category	Details of stock acquisition rights	Type of shares acquired upon exercise of stock acquisition rights	Number of shares acquired upon exercise of stock acquisition rights (thousand shares)				Balance at the end of this consolidated fiscal year (million yen)	Remarks
			At the beginning of this consolidated fiscal year	Increase during this consolidated fiscal year	Decrease during this consolidated fiscal year	Number of shares at the end of this consolidated fiscal year		
Stock acquisition rights as stock options				—			291	
Total				—			291	

Note: There are no treasury stock acquisition rights.

3. The Company's dividend is as stated below:

(1) Dividends paid during this consolidated fiscal year

Resolution	Type of shares	Total amount of dividends	Amount per share	Record date	Effective date
In the Board of Directors' meeting held on May 25, 2012	Common stock	4,287 million yen	3.60 yen	March 31, 2012	June 4, 2012
In the Board of Directors' meeting held on November 9, 2012	Common stock	3,870 million yen	3.25 yen	September 30, 2012	December 3, 2012

(2) Dividends with record dates before March 31, 2013, and effective dates after April 1, 2013, are listed as follows.

Resolution	Type of shares	Total amount of dividends	Fiscal resource	Dividend per share	Record date	Effective date
At the Board of Directors' meeting held on May 24, 2013	Common stock	4,168 million yen	Retained earnings	3.50 yen	March 31, 2013	June 3, 2013

(Financial instruments)

1. Matters concerning status of financial instruments

(1) Policy regarding the approach to financial instruments

The Company's basic policy is to ensure security and minimize risks in both raising and investing funds, and the Company does not pursue profit-making by aggressive risk-taking.

Funds raised by the Company can be broadly divided into working capital such as cash to be placed in ATMs and funds for capital investment such as ATM/system-related investment. In consideration of interest rate trends and other such factors, the Company secures the source funds by such means as deposits, long-term borrowings and bond issuance, and raises funds from the call market to cover daily fluctuations in the amount of funds that need to be raised.

On the other hand, the Company's funds are invested mainly in the form of funds and securities operations as a limited end user, although it does operate a petty loan business targeted at individuals. Investment targets are limited to Japanese government bonds and other securities with high creditworthiness and liquidity, as well as deposits at financial institutions with high creditworthiness, call loans, etc. The Company does not invest in risky financial derivatives, etc.

(2) Description and risk of financial instruments

The financial assets held by the Company are largely comprised of cash, primarily for facilitating its ATM business. Surplus funds are released in the form of call loans, which are exposed to the credit risk of the issuer. Securities consist of Japanese government bonds, etc. and stocks, and are held for "other purposes". These are exposed to credit risks of each issuer, interest rate fluctuation risks, and market price fluctuation risks. Loans receivable are in the form of loan services targeted at individuals (revolving card loans) and are exposed to credit risks arising from the nonperformance of contract by customers; however, the risks are limited, as the receivables are secured in full.

The Company also operates a banking business. Deposits and negotiable certificates of deposits, which account for the majority of its financial liabilities, are exposed to interest rate fluctuation risks. The Company raises short-term funds by using call money as necessary; it is exposed to liquidity risks in that it might not be able to raise the necessary funds. Borrowings and bonds are exposed to liquidity risks in that the payment might not be executable on the due date such as in cases where the Company cannot use the market under certain situations. The Company also borrows funds at variable interest rates, which are exposed to interest rate fluctuation risks. Such risks are averted by executing interest rate swaps.

(3) Risk management framework for financial instruments

1) Credit risk management

The Company observes its basic policy for credit risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Credit Risk Rules. Credit risks are currently limited to the ATM settlement business, interbank deposits placed with top-rated partner financial institutions, etc. subject to asset-liability management (ALM), release of funds and temporary ATM payment amounts due, thereby curbing credit risks in operations. In addition, the Company performs self-assessment and establishes an allowance for write-offs in an appropriate manner, in accordance with its self-assessment standards, write-off allowance standards and self-assessment/write-off allowance rules.

Credit risks of issuers of securities and counterparty risks in derivative transactions are managed by the Risk Management Division by means of periodically identifying credit information and market value.

2) Market risk management

The Company observes its basic policy for market risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Market Risk Rules. The Market Risk Rules establish limits on the amount of funds at risk, market position limits and loss allowance limits. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors market risks on a daily basis in light of these limits and reports the results to the management including the Executive Committee. At the ALM Committee convened once a month, the Company's market risk position, expected trends in interest rates and other matters are reported and operation policies are determined.

Quantitative information concerning market risks

Because interest rate risks are key market risks to the Company, the Company measures the Value at Risk (VaR) of entire assets and liabilities of the Company. In measuring the VaR, the Company uses the Variance-Covariance Method (holding period: 125 days, confidence interval: 99.9%, data observation period: 1 year), and the Company's VaR (estimated loss amount) as of March 31, 2013, is a total of 1,354 million yen. Additionally, in light of our business attributes, an interest period has been recognized in terms of cash recorded under assets, which has been calculated as a 5-year zero-coupon (weighted average maturity: 2.5 years). In order to verify the validity of the model, the Company regularly performs back-testing by comparing the VaR calculated by the model and the actual gains (losses). However, since VaR calculates market risk at a certain probability that has been statistically calculated on the basis of past market fluctuations, it may not be able to capture risks that occur under market environments changing beyond our normal expectations.

### 3) Liquidity risk management

The Company observes its basic policy for liquidity risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Liquidity Risk Rules. The Liquidity Risk Rules establish limits regarding the cash gaps arising from differences between the duration of invested funds and those available to meet current cash needs. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to the management including the Executive Committee. The Company is well prepared in that it has formulated measures in advance on a scenario-by-scenario basis so that it can take company-wide action in a speedy and flexible manner when the cash flow situation becomes tight; therefore, concerns over ensuring liquidity of funds are deemed nonexistent.

### (4) Supplementary explanation of matters concerning market value, etc. of financial instruments

The market value of financial instruments includes the value based on market price, in addition to reasonably-calculated value in cases where the financial instrument has no market price. As certain assumptions, etc. are adopted when calculating the value of such financial instruments, the value may vary if different assumptions, etc. are adopted.

## 2. Matters concerning market value, etc. of financial instruments

The amount declared on the consolidated balance sheet, the market value and the difference between the two as at March 31, 2013, are as follows. In cases where it is deemed extremely difficult to identify the market value of unlisted stocks and other such financial instruments, the value is not included in the table below (refer to Note 2).

(Unit: million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and due from banks*	472,011	472,011	—
(2) Call loans*	29,955	29,955	—
(3) Securities			
Other securities	70,800	70,800	—
(4) Loans receivable	3,387		
Allowance for loan losses*	(0)		
	3,387	3,387	—
(5) ATM-related temporary payments*	174,897	174,897	—
<b>Total assets</b>	<b>751,053</b>	<b>751,053</b>	<b>—</b>
(1) Deposits	394,315	394,903	587
(2) Negotiable certificates of deposits	300	299	(0)
(3) Call money	28,300	28,300	—
(4) Borrowed money	34,000	34,304	304
(5) Bonds	139,000	140,176	1,176
(6) ATM-related temporary advances	61,766	61,766	—
<b>Total liabilities</b>	<b>657,682</b>	<b>659,750</b>	<b>2,068</b>

\* Allowance for loan losses for general accounts and allowance for loan losses for individual accounts corresponding to loans receivable have been deducted. Allowance for loan losses with respect to cash and due from banks, call loans and ATM temporary payments were insignificant and therefore directly deducted from the amount on the consolidated balance sheet.

### Note 1: Calculation method of market value of financial instruments

#### Assets

#### (1) Cash and due from banks

The market value of due from banks with no maturity is approximately the same as the book value; therefore, the book value is stated as market value. Due from banks with no maturity amounted to zero.

#### (2) Call loans

The contract period is short (no more than one year) and the market value is approximately the same as the book value; therefore, the book value is stated as market value.

#### (3) Securities

Bonds are stated at the price quoted on the exchange or the price presented by the corresponding financial institution. Notes on the securities by holding purpose are stated in "(Securities)" section below.

#### (4) Loans receivable

The market value of variable interest-rate loans receivable is approximately the same as the book value, since they are short-term and reflect the market interest rate, unless the credit status of the borrower is substantially different after the execution of the loans; therefore, the book value is stated as market value. Fixed interest-rate loans receivable amounted to zero.

With respect to credits, etc. to bankrupt obligors, substantially bankrupt obligors and bankruptcy risk obligors, the

market value is approximately the same as the amount on the consolidated balance sheet as at the consolidated fiscal year end minus the current estimated amount of credit losses, since the estimated amount of credit losses is calculated based on the present value of estimated future cash flow or the expected collectable amount with the collateral and guarantee, etc.; therefore, the book value is stated as market value.

(5) ATM-related temporary payments

As the pre-settlement period is short (no more than one year), the market value is approximately the same as the book value; therefore, the book value is stated as market value.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposits

The market value of demand deposits is deemed as the amount payable presuming that the demand is made at the end of the consolidated fiscal year (book value). The market value of time deposits is calculated by discounting the present value by future cash flow divided into categories of set periods. The discount rate applied is the rate used when accepting new deposits. The market value of deposits with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value.

(3) Call money

As the contract period is short (no more than one year) and the market value is approximately the same as the book value, the book value is stated as market value.

(4) Borrowed money

As for borrowed money based on a fixed interest rate, the present value is calculated by discounting the sum of the principal and interest of such borrowed money (in the case of borrowed money subject to special accounting treatment for interest rate swaps, the sum of the principal and interest based on the rate of such interest rate swaps) divided into categories of set periods at the expected rate for similar borrowings. The market value of borrowed money with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value. Borrowed money based on variable interest rates amounted to zero.

(5) Bonds

The market value of bonds issued by the Company is stated at market price.

(6) ATM-related temporary advances

As the pre-settlement period is short (no more than one year), the market value is approximately the same as the book value; therefore, the book value is stated as market value.

Note 2: The following are financial instruments whose market value is deemed extremely difficult to identify, and are not included in "Assets (3) Other securities" of "2. Matters concerning market value, etc. of financial instruments."

(Unit: million yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks*	2,144
Total	2,144

\*Unlisted stocks do not have any market price, and their market value is deemed extremely difficult to identify; therefore, their market value is excluded from the scope of disclosure.

Note 3: Amount of redemption scheduled for monetary claims and securities with maturity after end of consolidated fiscal year

(Unit: million yen)

	Not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 7 years	More than 7 years but not more than 10 years	More than 10 years
Due from banks*1	31,285	—	—	—	—	—
Call loans	30,000	—	—	—	—	—
Securities						
Other securities with maturity	70,500	—	—	—	—	—
Government bonds	70,500					
Loans receivable*2	3,381	—	—	—	—	—
ATM-related temporary payments	174,900	—	—	—	—	—
Total	310,067	—	—	—	—	—

\*1 Due from banks: Due from banks with no maturity is included and disclosed in "Not more than one year".

\*2 Loans receivable: the amount (6 million yen) of credits, etc. to bankrupt obligors, substantially bankrupt obligors or bankrupt risk obligors, for which redemption cannot be expected, are not included in loans receivable. Loans receivable are disclosed as "Not more than one year".

Note 4: Amount of repayment scheduled for bonds, borrowed money and other interest-bearing liabilities after end of consolidated fiscal year

(Unit: million yen)

	Not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 7 years	More than 7 years but not more than 10 years	More than 10 years
Deposits*	326,570	41,256	26,488	—	—	—
Negotiable certificates of deposit	—	300	—	—	—	—
Call money	28,300	—	—	—	—	—
Borrowed money	13,000	6,000	5,000	10,000	—	—
Bonds	24,000	20,000	45,000	30,000	20,000	—
ATM-related temporary advances	61,766	—	—	—	—	—
Total	453,637	67,556	76,488	40,000	20,000	—

\*Deposits: Demand deposits are included and disclosed in “Not more than one year”.

(Securities)

1. Securities held for trading purposes (as of March 31, 2013)

Not applicable

2. Bonds held to maturity (as of March 31, 2013)

Not applicable

3. Other securities (as of March 31, 2013)

	Class	Consolidated balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose consolidated balance sheet amounts exceed acquisition costs	Stocks	178	151	26
	Bonds	60,621	60,614	7
	Government bonds	60,621	60,614	7
	Subtotal	60,800	60,766	33
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Bonds	10,000	10,000	(0)
	Government bonds	10,000	10,000	(0)
	Subtotal	10,000	10,000	(0)
Total		70,800	70,766	33

\*Unlisted stocks are not included in "Other Securities" above, since they do not have any market price, and their market value is deemed extremely difficult to identify.

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2012, to March 31, 2013)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2012, to March 31, 2013)

Not applicable

6. Changes in purpose of holding securities (from April 1, 2012, to March 31, 2013)

Not applicable

7. Securities to which impairment is applied (from April 1, 2012, to March 31, 2013)

Not applicable

(Money held in trust)

Not applicable

(Stock options, etc.)

1. Account title and amount of expenses related to stock options

Operating expenses 77 million yen



2. Detail and scale of and changes in stock options and subsequent adjustments

(1) Detail of stock options

	First Round – (1) Stock acquisition rights (Stock compensation-type stock options)	First Round – (2) Stock acquisition rights (Stock compensation-type stock options)	Second Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Title and number of grantees	5 Directors of the Company	3 Executive Officers of the Company	4 Directors of the Company	5 Executive Officers of the Company
Number of stock options by type of stock (Note)	Common stock: 184,000 shares	Common stock: 21,000 shares	Common stock: 171,000 shares	Common stock: 38,000 shares
Grant date	August 12, 2008	Same as at left.	August 3, 2009	Same as at left.
Condition for vesting	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 13, 2008 – August 12, 2038	Same as at left.	August 4, 2009 – August 3, 2039	Same as at left.

  

	Third Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation-type stock options)	Fourth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Fourth Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Title and number of grantees	5 Directors of the Company	4 Executive Officers of the Company	5 Directors of the Company	8 Executive Officers of the Company
Number of stock options by type of stock (Note)	Common stock: 423,000 shares	Common stock: 51,000 shares	Common stock: 440,000 shares	Common stock: 118,000 shares
Grant date	August 9, 2010	Same as at left.	August 8, 2011	Same as at left.
Condition for vesting	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 10, 2010 – August 9, 2040	Same as at left.	August 9, 2011 – August 8, 2041	Same as at left.

	Fifth Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Fifth Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Company	7 Executive Officers of the Company
Number of stock options by type of stock (Note)	Common stock: 363,000 shares	Common stock: 77,000 shares
Grant date	August 6, 2012	Same as at left.
Condition for vesting	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).
Requisite service period	Not specified.	Same as at left.
Exercise period	August 7, 2012 – August 6, 2042	Same as at left.

Note: The number of stock options is stated as converted into number of shares. As of December 1, 2011, the Company conducted a 1,000 for one stock split for its common stocks; therefore, the number of converted shares was adjusted for the "Number of shares acquired upon exercise of stock acquisition rights" with regard to the above First Round – (1) Stock acquisition rights through the Fourth Round – (2) Stock acquisition rights to reflect the stock split.

(2) Scale of and changes in stock options and subsequent adjustments

The following includes stock options existing during the consolidated fiscal year ended March 31, 2013 (fiscal year 2012), and the number of stock options is stated as converted into number of shares.

(Number of stock options)

	First Round – (1) Stock acquisition rights (Stock compensation- type stock options)	First Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
Post vesting (shares)				
At end of previous consolidated fiscal year	157,000	14,000	171,000	30,000
Granted	–	–	–	–
Exercised	–	7,000	–	7,000
Forfeited	–	–	–	–
Outstanding	157,000	7,000	171,000	23,000

	Third Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Fourth Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Fourth Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
Post vesting (shares)				
At end of previous consolidated fiscal year	423,000	38,000	440,000	118,000
Granted	–	–	–	–
Exercised	–	13,000	–	14,000
Forfeited	–	–	–	–
Outstanding	423,000	25,000	440,000	104,000

	Fifth Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Fifth Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Prior to vesting (shares)		
At end of previous consolidated fiscal year	–	–
Granted	363,000	77,000
Forfeited	–	–
Vested	363,000	77,000
Outstanding	–	–
Post vesting (shares)		
At end of previous consolidated fiscal year	–	–
Granted	363,000	77,000
Exercised	–	–
Forfeited	–	–
Outstanding	363,000	77,000

(Unit price information)

	First Round – (1) Stock acquisition rights (Stock compensation- type stock options)	First Round – (2) Stock acquisition rights (Stock compensation- type stock options))	Second Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	—	186,000 yen	—	186,000 yen
Fair value valuation price when granted	236,480 yen per stock acquisition right	236,480 yen per stock acquisition right	221,862 yen per stock acquisition right	221,862 yen per stock acquisition right

	Third Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Fourth Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Fourth Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	—	186,000 yen	—	186,000 yen
Fair value valuation price when granted	139,824 yen per stock acquisition right	139,824 yen per stock acquisition right	127,950 yen per stock acquisition right	127,950 yen per stock acquisition right

	Fifth Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Fifth Round – (2) Stock acquisition rights (Stock compensation- type stock options))
Exercise price	One yen per share	One yen per share
Average price when exercised	—	—
Fair value valuation price when granted	175,000 yen per stock acquisition right	175,000 yen per stock acquisition right

Note: The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be one thousand (1,000) shares of common stock of the Company. As of December 1, 2011 the Company conducted a 1,000 for one stock split for its common stocks; therefore, exercise prices were adjusted for the “Number of shares acquired upon exercise of stock acquisition rights” with regard to the above First Round – (1) Stock acquisition rights through the Fourth Round – (2) Stock acquisition rights to reflect the stock split. In addition, average stock price at exercise represents the average price of the Company’s stocks at the time when stock options were exercised.

3. Calculation method employed to establish the fair value valuation price for stock options granted during the term

The method employed for calculating the fair value valuation price for the Fifth Round – (1) and Fifth Round – (2) Stock acquisition rights granted during the consolidated fiscal year is as follows.

(1) Valuation method employed: Black-Scholes model

(2) Key parameters used in the option-pricing model

	Fifth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Fifth Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Expected volatility (Note 1)	32.448%	32.448%
Average expected life (Note 2)	5.95 years	5.95years
Expected dividends (Note 3)	5.20 yen per share	5.20 yen per share
Risk-free interest rate (Note 4)	0.264%	0.264%

Notes: 1. Calculated on the basis of actual share prices of the Company's stock for the four-years and five-months period from February 29, 2008 to August 6, 2012.

2. For Directors and staff currently employed by the Company, the assumption is made that the stock options will be exercised on a future date calculated by adding a ten day period, in which the rights may be exercised, to the average period in days from June 2012 until the retirement dates of all such Directors and staff.

3. Expected dividends are based upon actual dividend amounts as of the date of grant.

4. The risk-free rate employed is the yield of the Japan Government Bond with a period to maturity currently corresponding to the forecast period used in the calculation.

4. Method for calculating the number of stock options vested

Only the actual number of forfeited stock options is reflected because of the difficulty of accurately estimating the actual number of stock options that will be forfeited in the future.

(Business combination)

Business combination through purchase of shares

The Company made an agreement with FCTI Holdings, LLC, as of September 6, 2012, on the purchase by the Company of all the shares held by FCTI Holdings, which were issued by Financial Consulting & Trading International, Inc. (Headquarters in the State of California, United States; Representative; Paul Cooley: hereinafter "FCTI"), and both parties entered into a stock purchase and sale agreement. Based on said agreement between the Company and FCTI Holdings, the Company purchased all of FCTI's shares issued and outstanding on October 6, 2012.

1. Summary of the business combination

(1) Designation and business of the acquired company

Designation of the acquired company: Financial Consulting & Trading International, Inc.

Business: Automatic Teller Machine (ATM) operating business

(2) Major reason for the business combination

The Company has studied the possibility of promoting overseas ATM development by drawing on its experience in the domestic market as a promising growth field. The Company positions the U.S. market as the world's greatest market for the ATM operating business because the infrastructure necessary for business operation is already in place.

FCTI is a leading company dedicated to the ATM operating business in the U.S. market, and its business model features proactive corporate management that allows it to set fees independently by owning ATMs. This policy has ensured stable profit capability, supported by trading relations with leading retailers that operate throughout the United States. The Company considers the purchase of all FCTI's shares and its conversion into a subsidiary to be a significant step toward full-fledged ATM operations overseas.

(3) Date of the business combination

October 6, 2012

(4) Legal form of the business combination

Purchase of shares for consideration of cash

- (5) Percentage of voting rights acquired by the Company  
100%
- (6) Major reasons that led to the final decision to acquire the acquiring company  
As the consideration for the acquisition was cash, the Company that delivered the cash was designated as the acquiring company.
2. Period for the operating results of the acquired company that was included in the consolidated financial statements  
From October 6, 2012, to December 31, 2012
3. Acquisition cost of the acquired company and the breakdown thereof
- |  |                      |
|--|----------------------|
| Consideration for the purchase of shares                     | US\$132 million      |
| <u>Expenses directly required for the purchase of shares</u> | <u>US\$3 million</u> |
| Acquisition cost   | US\$136 million      |
4. Amount of goodwill recognized, generating factors of goodwill and method and period for amortization of goodwill
- (1) Amount of goodwill generated.  
US\$88 million
- (2) Generating factors of goodwill  
Mainly excess earning power that is highly expected due to the anticipated business development of the acquired company.
- (3) Method and period for amortization of goodwill  
The goodwill will be equally amortized over 10 years using the straight-line method.
5. Amounts of the received assets and assumed liabilities on the date of business combination, and the major breakdown thereof  
(Millions of U.S. dollars)
- |   |     |
|---|-----|
| (1) Assets                                  |     |
| Total assets                                | 161 |
| Goodwill included therein                   | 88  |
| Intangible fixed assets other than goodwill | 66  |
| (2) Liabilities                             |     |
| Total liabilities                           | 25  |
| Deferred tax liabilities included therein   | 20  |
6. Amounts allocated to intangible fixed assets other than goodwill and the breakdown thereof by major type, as well as the weighted average years of amortization by major type
- (1) Amounts allocated to intangible fixed assets other than goodwill and their breakdown by major type
- |                         |                       |
|-------------------------|-----------------------|
| Customer-related assets | US\$ 60 million       |
| <u>Other</u>            | <u>US\$ 6 million</u> |
| Total                   | US\$ 66 million       |
- (2) Weighted average years of amortization by major type
- |                         |                |
|-------------------------|----------------|
| Customer-related assets | 15 years       |
| <u>Other</u>            | <u>5 years</u> |
| Total                   | 12 years       |
7. Approximate amounts of the impact on the consolidated statement of income for this consolidated fiscal year and the computing method thereof, assuming that the business combination is completed on the beginning date of the year ended March 31, 2013  
The relevant description is omitted as the impact is not significant.

(Per share information)

Net assets per share	115.66 yen
Net income per share	16.27 yen
Diluted net income per share	16.24 yen

(Significant subsequent events)

None

Accounting Auditors' Audit Report on Financial Statements (duplicated copy)

Independent Auditors' Report  
(English Translation)

May 20, 2013

To the Board of Directors  
Seven Bank, Ltd.

KPMG AZSA LLC

Yoichi Ozawa (seal)  
Certified Public Accountant  
Designated and Engagement Partner

Seiki Miyata (seal)  
Certified Public Accountant  
Designated and Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, the financial statements, which consist of the Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to Explanatory Notes, and the accompanying supplementary schedules thereof of Seven Bank, Ltd. (hereinafter referred to as the "Company") for the 12th fiscal year from April 1, 2012, to March 31, 2013.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements and the accompanying supplementary schedules from an independent viewpoint, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplementary schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplementary schedules in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplementary schedules thereof referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013, and the result of its operation for the year then ended in conformity with accounting principles generally accepted in Japan.

**Interest**

We do not have any interests in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

**Independent Auditors' Report**

(English Translation)

May 20, 2013

To the Board of Directors  
Seven Bank, Ltd.

KPMG AZSA LLC

Yoichi Ozawa (seal)  
Certified Public Accountant  
Designated and Engagement Partner

Seiki Miyata (seal)  
Certified Public Accountant  
Designated and Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, the consolidated financial statements, which consist of the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Explanatory Notes (Consolidated) of Seven Bank, Ltd. (hereinafter referred to as the "Company") for the consolidated fiscal year from April 1, 2012 to March 31, 2013.

**Management's Responsibility for Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit, from an independent viewpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Although the purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control, in making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seven Bank, Ltd., and its consolidated subsidiary as of March 31, 2013 and the consolidated result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Interest**

We do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Audit Report  
(English Translation)

Regarding the performance of duties by the Directors for the 12th fiscal year from April 1, 2012, to March 31, 2013, the Board of Statutory Auditors hereby submits its Audit Report, which has been prepared upon careful consideration based on the audit report prepared by each Statutory Auditor.

1. Summary of Auditing Methods by the Statutory Auditors and Board of Statutory Auditors

The Board of Statutory Auditors established auditing policies, allocation of duties, and other relevant matters and received reports from each Statutory Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditors regarding performance of their duties, and requested explanations, as necessary.

Each Statutory Auditor complied with the auditing standards stipulated by the Board of Statutory Auditors, followed the auditing policies, allocation of duties and other relevant matters for the fiscal year ended March 31, 2013, communicated with Directors, the internal audit department, other employees and any other relevant personnel, and made efforts to prepare the environment for information collection and audit, as well as participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices.

In addition, with respect to the system for ensuring that the performance of duties by the Directors as stated in the Business Report conforms to the related laws, regulations and the Articles of Incorporation, and the system prepared based on the contents of the resolutions of the Board of Directors and such resolutions regarding preparation of the system stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (internal control system), we received regular reports from Directors, employees and other relevant personnel regarding the development and the operation of the system, requested explanations as necessary and expressed opinions.

With respect to the subsidiary, we communicated and exchanged information with Directors, Statutory Auditors and other relevant personnel of said subsidiary and received its business reports therefrom as necessary.

Based on the above methods, we examined the Business Report and the accompanying supplementary schedules pertaining to the relevant fiscal year.

With regard to the internal control over financial reporting based on the Financial Instruments and Exchange Act, we received reports on the assessment and audit status of said internal control from the Directors and the Accounting Auditors (KPMG AZSA LLC), and requested explanations as necessary.

Furthermore, we monitored and verified whether the Accounting Auditors maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditors regarding the performance of their duties and requested explanations as necessary. In addition, we received notice from the Accounting Auditors that the "system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the "Product Quality Management Standards Regarding Audits" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above methods, we examined the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to Explanatory Notes) and the accompanying supplementary schedules, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Explanatory Notes (Consolidated)) pertaining to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the Business Report and the accompanying supplementary schedules are in accordance with the related laws, regulations and the Articles of Incorporation, and fairly present the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system, including the internal control over financial reporting.

(2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

May 24, 2013

Board of Statutory Auditors, Seven Bank, Ltd.

Full-time Statutory Auditor	Toshiaki Ikeda (seal)
Statutory Auditor	Masaharu Hino (seal)
Statutory Auditor	Tetsuya Katada (seal)
Statutory Auditor	Naomi Ushio (seal)

Note: Auditors Masaharu Hino, Tetsuya Katada and Naomi Ushio are External Statutory Auditors as stipulated in Article 2, Paragraph 16, and Article 335, Paragraph 3, of the Companies Act.

## Reference Materials for Ordinary General Meeting of Shareholders

### Proposal 1: Election of Eleven (11) Directors

Because the term of office of all ten (10) incumbent Directors will expire at the end of this General Meeting of Shareholders and it is requested to increase the number of Directors by one (1) from the previous fiscal year to further reinforce the management structure, we propose that you elect eleven (11) Directors.

Candidates for the position of Director are as follows.

Candidate number	Name (Date of birth)	Biography, position, and business in charge in our company, and major concurrent positions	Number of Company shares owned
1	Takashi Anzai (January 17, 1941)	Apr. 1963      Joined the Bank of Japan Dec. 1994      Executive Director, Bank of Japan Nov. 1998      President, Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited) Aug. 2000      Advisor, Ito-Yokado Co., Ltd. Apr. 2001      President, Seven Bank, Ltd. Sep. 2005      Director, Seven & i Holdings Co., Ltd. (present post) Jun. 2010      Chairman and Representative Director, Seven Bank, Ltd. (present post) [Major Concurrent Positions] Director, Seven & i Holdings Co., Ltd.	543,500
2	Masatoshi Wakasugi (January 19, 1946)	Apr. 1969      Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited) Jun. 1996      Director and General Control Manager of Personnel Affairs Group and concurrently Manager of Training Department, Personnel Affairs Division, aforementioned bank Oct. 1997      Senior Managing Director, Chogin Securities Inc. Jun. 1998      Managing Director, Chogin Warburg Securities Inc. (now UBS Investment Bank) Jun. 1999      Executive Sales Director of Renown Incorporated Sep. 2000      Advisor, Ito-Yokado Co., Ltd. Apr. 2001      Managing Director, Seven Bank, Ltd. Jun. 2006      Director, Senior Managing Executive Officer, aforementioned company Jun. 2010      Vice Chairman and Director, Executive Officer, aforementioned company (present post) [Business in Charge] Human Resources Division	316,100
3	Kensuke Futagoishi (October 6, 1952)	Apr. 1977      Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Apr. 2001      General Manager of Retail Planning Department, UFJ Holdings, Inc. (now Mitsubishi UFJ Financial Group) Jan. 2002      General Manager of Gotanda Corporate Sales Department, UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Oct. 2003      Joined Seven Bank, Ltd. Nov. 2003      General Manager of Business Promotion Division, aforementioned company Jun. 2004      Director, aforementioned company Jun. 2006      Director, Executive Officer, aforementioned company Nov. 2007      Director, Managing Executive Officer, aforementioned company Jun. 2009      Director, Senior Managing Executive Officer, aforementioned company Jun. 2010      President and Representative Director, aforementioned company (present post) [Business in Charge] Internal Audit Division	211,500

Candidate number	Name (Date of birth)	Biography, position and business in charge in our company, and major concurrent positions	Number of Company shares owned
4	Yasuaki Funatake (November 29, 1956)	<p>Apr. 1980    Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited.)</p> <p>Jul. 2001    Manager of Retail Operations Division, Shinsei Bank Limited</p> <p>Dec. 2001    Joined Seven Bank, Ltd.</p> <p>Oct. 2002    General Manager of Business Development Division, aforementioned company</p> <p>May 2006    General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2006    Executive Officer, aforementioned company</p> <p>Jun. 2008    Director, Executive Officer, aforementioned company</p> <p>Jun. 2010    Director, Managing Executive Officer, General Manager of Planning Division, aforementioned company (present post)</p> <p>[Business in Charge] Planning Division, General Affairs Division, and Business Transformation Division</p>	166,000
5	Kazuhiko Ishiguro (December 2, 1957)	<p>Apr. 1980    Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Nov. 1998    Assistant General Manager of System Division (Tokyo), aforementioned bank</p> <p>Apr. 2001    Director, Ufit Co., Ltd. (now TIS Inc.) (on loan)</p> <p>Apr. 2004    Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.) (on loan)</p> <p>Mar. 2006    Executive Managing Director, aforementioned company</p> <p>May 2009    Joined Seven Bank, Ltd.</p> <p>May 2009    Executive Officer, aforementioned company</p> <p>Jun. 2010    Director, Executive Officer, General Manager of System Division, aforementioned company (present post)</p> <p>[Business in Charge] System Division, ATM Solution Division, and Product Development and Promotion Division</p>	22,400
6	Taku Oizumi (October 24, 1956)	<p>Apr. 1980    Joined the Bank of Japan</p> <p>Nov. 2002    Branch Manager of Yokohama Branch, aforementioned bank</p> <p>Jul. 2006    General Manager of Payment and Settlement Systems Department, aforementioned bank</p> <p>Apr. 2008    General Manager of Currency Issue Department, aforementioned bank</p> <p>Jul. 2010    Joined Seven Bank Ltd.</p> <p>Jan. 2011    Executive Officer, aforementioned company</p> <p>Jun. 2012    Director and Executive Officer, aforementioned company (present post)</p> <p>[Business in Charge] Research Division, Treasury Division and Strategic Business Development Division</p> <p>[Major Concurrent Position] Director, Financial Consulting &amp; Trading International, Inc.</p>	4,700

Candidate number	Name (Date of Birth)	Biography, position and business in charge in our company, and major concurrent positions	Number of Company shares owned
7	Yoji Ohashi (January 21, 1940)	<p>Apr. 1964      Joined All Nippon Airways Co., Ltd.</p> <p>Jun. 1993      Director and General Manager of Narita Airport, aforementioned company</p> <p>Jun. 1997      Executive Managing Director and General Manager of Human Resource Division, aforementioned company</p> <p>Jun. 1999      Vice President and Representative Director, aforementioned company</p> <p>Apr. 2001      President and Representative Director, aforementioned company</p> <p>Apr. 2005      Chairperson and Representative Director, aforementioned company</p> <p>Apr. 2007      Chairperson and Director, aforementioned company</p> <p>May 2008      Vice-Chairman, Nippon Keidanren</p> <p>Jun. 2008      Director, Seven Bank, Ltd. (present post)</p> <p>Jun. 2008      Auditor, The Japan Atomic Power Company</p> <p>Oct. 2010      Director, TV TOKYO Holdings Corporation (present post)</p> <p>Apr. 2013      Chairman and Director, ANA HOLDINGS INC. (present post)</p> <p>[Major Concurrent Position] Chairman and Director, ANA HOLDINGS INC.</p>	2,200
8	Yuko Miyazaki (July 9, 1951)	<p>Apr. 1979      Registered as an Attorney-at-law, joined Daiichi Tokyo Bar Association (present post)</p> <p>Apr. 1979      Joined Nagashima &amp; Ohno (current Nagashima Ohno &amp; Tsunematsu)</p> <p>Aug. 1984      Joined as Counsel of Legal Department, The World Bank (until August 1986)</p> <p>Jun. 2012      Director, Seven Bank, Ltd. (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Partner, Nagashima Ohno &amp; Tsunematsu)</p>	0
9*	Shuji Ohashi (November 23, 1938)	<p>Apr. 1961      Joined Japan Management Association (now JMA Consultants Inc.)</p> <p>May 1975      Registered as a Certified Public Accountant</p> <p>Jun. 1991      Managing Director and General Manager of Overseas Division, aforementioned company</p> <p>Sep. 1993      President and Representative Director, JMAC AMERICA, INC.</p> <p>Jun. 2001      Executive Advisor, JMA Consultants Inc. (present post)</p> <p>[Major Concurrent Positions] Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office)</p>	0
10*	Yuri Okina (March 25, 1960)	<p>Apr. 1984      Joined the Bank of Japan</p> <p>Apr. 1992      Joined The Japan Research Institute, Limited.</p> <p>Jul. 2000      Became a member of the Financial System Council, Financial Services Agency</p> <p>Sep. 2001      Visiting Professor, Graduate School of Keio University</p> <p>Jun. 2006      Counselor, The Japan Research Institute, Limited. (present post)</p> <p>Apr. 2008      Visiting Professor, Waseda University (present post)</p> <p>Jun. 2008      Director, Nippon Yusen Kabushiki Kaisha (present post)</p> <p>Jul. 2008      Executive Vice President, National Institute for Research Advancement (present post)</p> <p>[Major Concurrent Position] Counselor, The Japan Research Institute, Limited.</p>	0

Candidate number	Name (Date of Birth)	Biography, position and business in charge in our company, and major concurrent positions	Number of Company shares owned
11*	Akihiko Shimizu (March 16, 1952)	<p>Apr. 1994      Joined Ito-Yokado Co., Ltd.</p> <p>May 2004      Executive Officer, aforementioned company</p> <p>Sep. 2005      Senior Officer, Accounting Dept., Seven &amp; i Holdings Co., Ltd. (present post)</p> <p>Jan. 2006      Executive Officer, aforementioned company (present post)</p> <p>May 2012      Director, aforementioned company (present post)</p> <p>[Major Concurrent Position] Director and Executive Officer, Seven &amp; i Holdings Co., Ltd.</p>	20,000

- Notes:
- Candidates with an asterisk are new candidates for Directors.
  - Candidate Mr. Akihiko Shimizu serves as Director, Executive Officer and Senior Officer of the Accounting Department of Seven & i Holdings Co., Ltd., which is a specific related company of the Company. There are no particular interests between the Company and any of the other candidates for Director.
  - Candidates Mr. Yoji Ohashi, Ms. Yuko Miyazaki, Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu are candidates for External Director of the Company.
  - The reasons for the candidates for External Directorships at the Company are as follows:
    - Mr. Yoji Ohashi's experience and opinions deriving from his roles as Representative Director of ANA HOLDINGS INC. and as Vice-Chairman of the Nippon Keidanren have contributed to the management of the Company and render him a suitable candidate for External Director.
    - Ms. Yuko Miyazaki is a lawyer specializing in tax laws and corporate legal affairs, and the Company believes that Ms. Miyazaki is a suitable candidate for External Director because she will contribute to the Company's business management by drawing on her considerable legal knowledge and profound experience. Although Ms. Miyazaki has not been directly involved in company management other than as External Director or External Statutory Auditor elsewhere to date, the Company judges that she will be able to appropriately perform duties as an External Director for the above reasons.
    - Mr. Shuji Ohashi's professional knowledge as a Certified Public Accountant, considerable insight as a management consultant and abundant experience in managing a business are expected to contribute to the management of the Company and render him a suitable candidate for External Director.
    - Ms. Yuri Okina's long experience in studying financial systems and financial administration and involvement in the Financial System Council of the Financial Services Agency are expected to contribute to the management of the Company and render her a suitable candidate for External Director. Although Ms. Okina has not been directly involved in company management other than as External Director or External Statutory Auditor elsewhere to date, the Company judges that she will be able to appropriately perform duties as an External Director for the above reasons.
    - Mr. Akihiko Shimizu's experience as Director of Seven & i Holdings Co., Ltd., is expected to contribute to the management of the Company and renders him a suitable candidate for External Director.
  - Instances in violation of the laws and regulations or the Articles of Incorporation of the Company or other misconduct committed in other companies while the candidates for External Director assumed offices as Directors, Executive Officers, or Statutory Auditors of the other companies, if any in the last five years, are as follows:
    - ANA HOLDINGS INC., for which Mr. Yoji Ohashi assumes office as Director, received an exclusion order from the Fair Trade Commission in August 2008 for acting in breach of the provisions of the Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation in connection with a newspaper advertising campaign publicizing the airline's Premium Class which ran from February to March 2008.
  - Mr. Yoji Ohashi and Ms. Yuko Miyazaki are currently External Directors of the Company and their periods of service as External Directors will be five years for Mr. Yoji Ohashi and one year for Ms. Yuko Miyazaki as of the conclusion of the Meeting.
  - External Director candidates Mr. Yoji Ohashi and Ms. Yuko Miyazaki are all currently serving as External Directors subject to limited liability contracts with the Company governed by the provisions of Article 427-1 and Article 423-1 of the Companies Act (moreover, the limits to the liability on the basis of these contracts are fixed at statutory levels). In the event that the two candidates should prove successful in their applications to become External Directors, their current contracts will continue to remain in force. In addition, the Company is expected to conclude the same contract with Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu, should they be approved as External Director in the original proposal.
  - Candidate Mr. Yoji Ohashi has been registered as an Independent Officer with the Tokyo Stock Exchange. If his election to External Director is approved as originally proposed, he will continue to be registered as an Independent Officer. Candidates Mr. Shuji Ohashi and Yuri Okina meet the requirements for Independent Officer stipulated by said Exchange and will therefore be registered as an Independent Officer if their election to External Director is approved as originally proposed.

## Proposal 2: Election of Two (2) Statutory Auditors

Statutory Auditor Masaharu Hino will resign from office and Statutory Auditor Toshiaki Ikeda's term of office will expire at the conclusion of the Meeting. It is therefore proposed that two (2) Statutory Auditors be elected.

This proposal has already been approved by the Board of Statutory Auditors.

Candidates for the position of Statutory Auditor are as follows.

Candidate number	Name (Date of Birth)	Biography, position, and major concurrent positions	Number of Company shares owned
1*	Kunihiro Matsuo (September 13, 1942)	<p>Apr. 1968 Appointed as a Prosecuting Attorney for Tokyo District Public Prosecutor's Office</p> <p>Jun. 1998 Director-General of the Criminal Affairs Bureau, Ministry of Justice</p> <p>Dec. 1999 Vice-Minister of Justice</p> <p>Sep. 2003 Superintending Prosecutor, Tokyo High Public Prosecutors Office</p> <p>Jun. 2004 Prosecutor General, Supreme Public Prosecutors Office</p> <p>Sep. 2006 Registered as an attorney-at-law and joined Daiichi Tokyo Bar Association (present post)</p> <p>Jun. 2007 Audit and Supervisory Board Member, Toyota Motor Corporation (present post)</p> <p>Jun. 2008 Corporate Auditor, Mitsui &amp; Co., Ltd. (present post)</p> <p>Jun. 2009 Corporate Auditor, Komatsu Ltd. (present post)</p> <p>Jun. 2011 Corporate Auditor, Brother Industries, Ltd. (present post)</p> <p>Jan. 2013 Director, Japan Exchange Group, Inc. (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Head of Kunihiro Matsuo Law Firm)</p>	0
2	Toshiaki Ikeda (April 9, 1948)	<p>Apr. 1972 Joined The Sanwa Bank, Limited (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 1994 Deputy General Manager of the System Department of the aforementioned bank</p> <p>May 1997 Head of Muromachi Branch Office of the aforementioned bank</p> <p>Apr. 1999 Seconded to Partners Investment Trust Co.</p> <p>Apr. 2000 Research Officer of the Retail Division of Sanwa Bank, Limited (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 Director and General Manager of the System Development Division, Seven Bank, Ltd.</p> <p>Jun. 2006 Director, Managing Executive Officer and General Manager of the System Development Division, Seven Bank, Ltd.</p> <p>Jun. 2009 Full-time Statutory Auditor, Seven Bank, Ltd. (present post)</p>	215,700

- Notes: 1. Candidate with an asterisk is a new candidate for Statutory Auditor.
2. There are no particular interests between the Company and any of the candidates for Statutory Auditor.
3. Candidate Mr. Kunihiro Matsuo is a candidate for External Statutory Auditor of the Company.
4. Mr. Kunihiro Matsuo was nominated for External Statutory Auditor because his long accumulated expertise as a public prosecutor and experience as an external director and auditor at several companies other than the Company are expected to contribute to the audit of the Company. Although Mr. Matsuo has not been directly involved in company management other than as an external director or an external auditor to date, the Company judges that he will be able to appropriately perform duties as an External Statutory Auditor for the Company for the above reasons.
5. If Mr. Matsuo's election to External Statutory Auditor is approved as originally proposed, the Company is expected to conclude a limited liability contract with him governed by the provisions of Article 427-1 and Article 423-1 of the Companies Act. (Moreover, the limit to the liability on the basis of this contract is fixed at statutory levels.)
6. Mr. Matsuo meets the requirements for Independent Officer stipulated by the Tokyo Stock Exchange and will therefore be registered as an Independent Officer if his election to External Corporate Auditor is approved as originally proposed.

## **[Guidance to the Exercise of Voting Rights by Electronic Means]**

### **About the exercise of voting rights via the Internet**

If you wish to exercise voting rights via the Internet, please read the following explanation before doing so.

If you attend the Meeting, you do not need to mail the Exercise of Voting Rights Form or exercise voting rights via the Internet.

### **1. Web Site for the Exercise of Voting Rights**

- (1) The exercise of voting rights via the Internet is available to you only by accessing the voting service Web site (<http://www.evotep.jp/>) designated by the Company from a personal computer or a mobile phone (i-mode, EZWeb, Yahoo! Mobile)\* to which the Internet can be connected. (The voting rights exercise service is suspended 2 a.m.–5 a.m. daily.)  
\*i-mode, EZweb and Yahoo! are trademarks or registered trademarks of NTT Docomo, Inc., KDDI Corporation and Yahoo! Inc. in the United States, respectively.
- (2) Please note that the exercise of voting rights using a personal computer may not be available depending on the Internet environment of each shareholder such as usage of a firewall, etc., for Internet access, installation of antivirus software and/or usage of a proxy server.
- (3) Please use one of your mobile web services—i-mode, EZweb or Yahoo! Mobile—to access the voting service Web site from your mobile phone. To ensure the security of your data transmission, the voting service is not available for mobile phones that do not support SSL encryption communication and data transmission.
- (4) The exercise of voting rights will be acceptable until 5:30 p.m. on Monday, June 17, 2013. However, we recommend the early exercise of your voting rights well ahead of the deadline. If you have any questions, please contact the Help Desk mentioned below.

### **2. Method of Exercising Voting Rights via the Internet**

- (1) Use the “Log-in ID” and the “Temporary Password,” which are printed on the Exercise of Voting Rights Form, to log on to the voting service Web site (<http://www.evotep.jp/>), then input your approval or disapproval of the proposals according to the guidance on the screen.
- (2) To prevent unauthorized access (so-called “spoofing”) by any third party other than a qualified shareholder or falsification of data regarding the exercise of voting rights, every shareholder will be requested to change the “Temporary Password” on the voting service Web site.
- (3) The Company will inform you of a new “Log-in ID” and “Temporary Password” every time a General Meeting of Shareholders is convened.

### **3. Charges Incurred to Access the Voting Service Web Site for the Exercise of Voting Rights**

Any charges that might be required to access the voting service Web site (e.g., an Internet connection fee, telecommunications charges and others) shall be borne by the shareholder. Charges such as packet communication fees and other mobile phone fees to access the voting service Web site via mobile phones shall also be borne by the shareholder.



For inquiries about the system environment, etc., contact:  
Transfer Agent, Mitsubishi UFJ Trust and Banking Corporation (“Help Desk”)  
Toll-Free Call: 0120-173-027 Business Hours: 9 a.m.–9 p.m.

### **Electronic Voting Platform**

For custodian banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.), a joint company incorporated by Tokyo Stock Exchange, Inc., and others, is available as an alternative electronic voting method for a General Meeting of Shareholders of the Company, in addition to the method of voting through the Internet as described above, subject to the prior application for use to ICJ, Inc.