Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities Identification Code: 8410
May 30, 2014

CONVOCATION NOTICE OF THE 13TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 13th 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 in writing or by electronic means (e.g., the Internet). Please review the "Reference Materials for 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 Wednesday, June 18, 2014.

[Exercise of Voting Rights in Writing]
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 60 and 61 of this notice, and exercise your voting rights via 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 Thursday, June 19, 2014, 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
(Please refer to the "Map of the Place for General Meeting of Shareholders" at the end of this notice.)

3. Agenda of the Meeting

Matters to be Reported

1. Business Report and Report on the Non-consolidated Financial Statements for the 13th Fiscal Period (from April 1, 2013 to March 31, 2014).
2. Report on the Consolidated Financial Statements for the 13th Fiscal Period (from April 1, 2013 to March 31, 2014) and the Results of Audit by the Accounting Auditor and the Board of Statutory Auditors on Said Consolidated Financial Statements.

Matters to be Resolved

Proposal No. 1	Election of Eleven Directors
Proposal No. 2	Election of Two Statutory Auditors

4. Matters decided in convening the Meeting

(1) Should you exercise your voting rights both in writing and by electronic means, etc., the exercise of voting rights by electronic means shall prevail. If you have exercised your voting rights more than once by electronic means, only the last vote shall prevail.

(2) Should you indicate neither approval nor disapproval on each proposal in 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.

End

* * *

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. If any amendments are made to the Reference Materials for General Meeting of Shareholders, the Business Report and the Consolidated and Non-consolidated Financial Statements, they will be disclosed on the Company's Web site (http://www.sevenbank.co.jp/english/ir/library/meeting/).

Attached documents

Business Report for the 13th Fiscal Period (from April 1, 2013, to March 31, 2014)

1. Matters concerning the current status of the Company

(1) Business developments and outcomes

Description of main businesses

Seven Bank(the "Company") provides a range of cash deposit and withdrawal services via a highly convenient Automated Teller Machine (ATM) network operating 24 hours a day, 365 days a year. The ATM network consists of ATMs 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 the Seven & i Holdings 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.

The Company also provides close and convenient bank account services including ordinary deposits, time deposits, loan services and international money transfer services accessible from more than 19,000 ATMs nationwide, PCs, smartphones and mobile phones, primarily for the benefit of personal customers having our bank's account.

Financial and economic environment

During the fiscal year under review, the Japanese economy was on a moderate recovery path. Despite the concern over the influence of the consumption tax rate increase, the recovery trend is expected to continue.

The financial environment remained relaxed. Corporations' fund procurement costs remained relatively low and financial institutions' lending stance
improved, resulting in a favorable fund procurement environment.

Business developments and outcomes for the fiscal year under review

1) ATM services

During fiscal 2013, Seven Bank added more ATMs within and outside the Group to enhance the convenience for customers when they use our ATMs.

Also during fiscal 2013, we established new partnerships with Shikoku Bank, Ltd. (April 2013), THE MIE BANK, LTD. (April 2013), THE IYO BANK, Ltd. (April 2013), The Ehime Bank, Ltd. (April 2013), THE BANK OF KOCHI, LTD. (April 2013), and Shimane Bank Ltd. (November 2013), as well as one credit cooperative, two securities companies and one financial institution. As a result, we now partner with 119 banks,[1] 261 *shinkin* banks,[2] 131 credit cooperatives,[3] 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, 11 securities companies,[4] 8 life insurance companies and 43 other financial institutions.[5] Thus, we had 589 business partners[6] as of March 31, 2014.

Within the Group, we have installed ATMs in areas with new Seven-Eleven store openings, for example, in Shikoku region, where Seven-Eleven Japan, Co., Ltd., had newly entered with store openings in March 2013. We also added more ATMs at Seven-Eleven stores with high usage rates (1,253 stores had more than one ATM at the end of fiscal 2013). As for operations outside the Group, to address the need of ATMs with which international cards issued overseas can also be used at locations visited by foreign tourists, we installed ATMs inside the Takayama Station Branch of The Juroku Bank, Ltd., in Takayama, Gifu Prefecture, in June 2013. We also promoted the installation of ATMs at commercial facilities and railroad stations with high usage rates. At each station on the Tokyo Metro lines where we had promoted installing ATMs, we added more ATMs since March 2014, and the number of ATMs is expected to reach 74 at a total of 57 stations by May 2014.

Furthermore, to enrich our ATM services, we are promoting replacement with third-generation ATMs with higher processing speed, improved operability, enhanced security and energy efficiency. The replacement with the new ATMs has been completed for approximately 70% of all our ATMs. (The number of third-generation ATMs in place as of March 31, 2014, was 13,080).

As a result of such initiatives, the number of our ATMs installed reached 19,514 (up 7.6% compared with the end of March 2013). The average daily transactions per ATM were 107.8 (down 3.0% year over year), and a total of 736 million transactions were recorded (up 5.3% year over year).

Notes:
1. Compared with the 113 banks with which we had partnerships at the end of March 2013, six banks were newly added as partners resulting in 119 bank partnerships at the end of March 2014.
2. Compared with 264 *shinkin* banks with which we had partnerships at the end of March 2013, three *shinkin* banks ceased to be partners due to a merger, resulting in 261 partnerships at the end of March 2014.
3. Compared with 132 credit cooperatives with which we had partnerships at the end of March 2013, one credit cooperative was newly added as a partner and two ceased to be partners due to a merger, resulting in 131 partnerships at the end of March 2014.
4. Compared with nine securities companies with which we had partnerships at the end of March 2013, two securities companies were newly added as partners, resulting in 11 partnerships at the end of March 2014.
5. Compared with 42 other financial institutions with which we had partnerships at the end of March 2013, one financial institution was newly added as a partner, resulting in 43 partnerships at the end of March 2014.
6. JA Bank and JF Marine Bank are each counted as one institution.

2) Financial services business

The Company had 1,214 thousand individual customer accounts at the end of March 2014 (up 13.8% compared with the end of March 2013), a balance of deposits of 312,100 million yen (up 24.2% year over year) and a balance of personal loan services of 5,200 million yen (up 55.1% year over year).

With regard to the international money transfer services, the number of contract accounts and money transfers both increased steadily. The number of money transfers made during fiscal 2013 was 391 thousand, more than twice the number for the previous year. Moreover, as a new operational base for our international money transfer services, in October 2013 we set up the Nagoya Sakae Outlet in Aichi Prefecture. In January 2014, we raised the maximum transferrable amount, thereby enhancing the convenience for customers.

3) Overseas subsidiaries

In September 2013, Financial Consulting & Trading International, Inc. (“FCTI”), a consolidated subsidiary of the Company, acquired the U. S.-based Global Axcess Corp. and the ATM business that was owned by its ATM handling subsidiary. As a result, the number of ATMs owned by FCTI became 7,176 as of December 31, 2013. With regard to FCTI’s business results for the consolidated fiscal year (from January 2013 to December 2013), ordinary income was 58.9 million U.S. dollars, ordinary profit was 0.3 million U.S. dollars and net income was 1.0 million U.S. dollars.

In November 2013, we concluded a joint-venture contract with a local company in Indonesia to establish the Company’s subsidiary there during the next fiscal year.

4) Operating results

Results of our operation in fiscal 2013 achieved ordinary income of 99,832 million yen (up 6.0% year over year), ordinary profit of 37,142 million yen (up 16.0% year over year) and net income of 22,325 million yen (up 14.3% year over year).

Both revenues and profits increased as a total number of ATM transactions continued to grow 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 105,587 million yen (up 11.1% year over year), consolidated ordinary profit was 35,786 million yen (up 12.2% year over year) and consolidated net income was 21,236 million yen (up 9.5% year over year).

5) Assets, liabilities and net assets

Total assets at the end of March 2014 were 785,380 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 504,462 million yen.

The remainder mostly consisted of marketable securities of 110,394 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 92,786 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 634,237 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 437,588 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 158,989 million yen and the balance of individuals' time deposits was 153,165 million yen.

Net assets were 151,142 million yen. Of these, retained earnings were 89,749 million yen.

Issues the Company needs to cope with

In fiscal 2014, our earnings environment is predicted to be strong because the number of our ATMs to be installed is expected to grow along with the opening of more Seven-Eleven stores. On the other hand, changes in domestic and overseas macro economies could affect our earnings environment.

To achieve our sustainable growth under these circumstances, we need to 1) further strengthen 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 a crucial issue.

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 continue our approach to non-partner financial institutions. In expanding our ATM installations, we will take proactive initiatives for operations outside the Group while continuing to steadily install ATMs within the Group. To improve the rate of ATM usage, for installations outside the Group, we will strive to select locations where high usage by customers can be expected. After ATMs are installed, we will conduct campaigns to promote usage 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 with safety and security.
2) Among the existing financial services businesses, we will improve convenience of our bank accounts and aim to quickly make our 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 raising awareness of the services.
3) In international businesses, we will share know-how and expertise, and supplement each other to pursue synergies with the U.S. subsidiary that we acquired in the previous fiscal year. To this end, we will nurture human resources who can make that happen. Moreover, in fiscal 2014 we intend to expand our businesses in Indonesia, where we plan to establish a subsidiary jointly with a local company. Leveraging the new subsidiary as a bridgehead, we aim to absorb Asia's growth power. With respect to other new businesses, we will cultivate new business opportunities to fully utilize our know-how and infrastructure.

The Company will meet the expectations of its shareholders by strengthening its ATM business and developing new revenue base through these initiatives.

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

(2) Assets and profit/loss

(Unit: 100 millions of yen)

	FY2010	FY2011	FY2012	FY2013
Deposits	3,126	3,315	3,943	4,375
Time deposits	1,406	1,349	1,549	2,097
Others	1,720	1,966	2,394	2,278
Bonds	900	540	1,390	1,150
Loans receivable	5	19	33	52
To individuals	5	19	33	52
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	999	988	836	1,103
Government bonds	956	966	706	810
Others	43	21	129	293
Total assets	6,000	6,529	8,094	7,853
Amount of domestic exchange handled	241,459	267,094	277,536	293,264
Amount of foreign exchange handled	Millions of U.S. dollars 0	Millions of U.S. dollars 15	Millions of U.S. dollars 85	Millions of U.S. dollars 155
Ordinary profit	Millions of yen 27,449	Millions of yen 29,557	Millions of yen 32,013	Millions of yen 37,142
Net income for the term	Millions of yen 16,008	Millions of yen 17,267	Millions of yen 19,515	Millions of yen 22,325
Net income per share for the term	Yen 13.19	Yen 14.49	Yen 16.38	Yen 18.74

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 FY2010 and FY2011, the amount stated assumes that a retroactive adjustment has been conducted, with the stock split occurring at the beginning of FY2010

(Reference) Assets and profit/loss of the Group

(Unit: 100 millions of yen)

	FY2010	FY2011	FY2012	FY2013
Consolidated ordinary income	—	—	949	1,055
Consolidated ordinary profit	—	—	318	357
Consolidated net income	—	—	193	212
Consolidated comprehensive income	—	—	204	237
Consolidated net assets	—	—	1,380	1,534
Consolidated total assets	—	—	8,125	7,903

Notes: 1. Figures in the table are rounded off to the nearest whole unit.
2. The Company started to compile consolidated financial statements in FY 2012.

(3) Employees

	Current FY end	Previous FY end
Number of employees	327	336
Average age	42 years, 6 months	42 years, 8 months
Average years of service	6 years, 2 months	5 years, 7 months
Average monthly salary	433 thousand yen	447 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 officers, executive officers, temporary or part-time employees, employees on loan to other companies and dispatched employees, whereas it includes employees on loan from other companies.
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)
Aichi Prefecture	1	(1)	—	(—)
Total	24	(6)	23	(5)

Notes: 1. Outlets and branch stores include the headquarter, 17 virtual branch stores (12 for individuals, 5 for corporations), which locations are the same as that of the headquarter and 6 manned outlets.
2. In addition to the above, non-store ATMs were installed in 17,866 locations as of the end of FY 2013 (up from 16,531 as of the end of FY 2012).

B. New outlets and branch stores for FY 2013

Name of outlet or branch store	Location
Nagoya Sakae Outlet of the headquarter	2-29, Sakae 4-chome, Naka-ku, Nagoya-shi, Aichi Prefecture

Note: There were 1,728 new non-store ATMs installed, while 393 non-store ATMs were closed in FY2013.

C. List of bank agencies

Name	Location of the major office or operating office	Major operation other than bank agency business
MOSHI MOSHI HOTLINE, INC.	6-5, Yoyogi 2-chome, Shibuya-ku, Tokyo	Call center operation (answering phone calls)

D. Bank agency services, etc. operated by banks

Name/trade name of affiliated financial institutions
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 amount of investment

(Unit: millions of yen)

Total amount of plant and equipment investment	24,054

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

B. Important plant and equipment newly established

(Unit: millions of yen)

Details	Amount
ATMs	13,858
Software	7,933

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

(6) Principal parent company and subsidiary, etc.

A. Parent company

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

Note: Parentheses in the column of the percentage of voting rights indicate a ratio of indirect ownership.

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

B. Subsidiary, etc.

(As of March 31, 2014)

Name	Location	Main businesses	Date of Incorporation	Stated Capital	Percentage of voting rights in subsidiaries, etc. owned by the Company	Others
Financial Consulting & Trading International, Inc.	California, USA	ATM operation business	August 25, 1993	millions of U.S. dollars 19	% 100	—

(7) Assignment of business, etc.

Not applicable

(8) Other important items concerning the current situation of the bank

Major loan sources

(Unit: millions of yen)

Loan sources	Amount of loans
Mitsubishi UFJ Trust and Banking Corporation	10,000
Nippon Life Insurance Company	4,000
Meiji Yasuda Life Insurance Company	2,000
Mitsui Sumitomo Insurance Company, Limited	2,000

2. Matters concerning Company officers (Directors and Statutory Auditors)

(1) Status of Company officers

(As of the end of fiscal year)

Name	Position and business in charge	Important Concurrent Posts	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, Senior Managing Executive Officer, General Manager of Planning Division [Business in Charge] Planning Division, General Affairs Division and Business Transformation Division		—
Kazuhiko Ishiguro	Director, Managing Executive Officer, General Manager of System Division [Business in Charge] System Division, ATM Solution Division, and Product Development and Promotion Division		—
Taku Oizumi	Director, Managing Executive Officer, General Manager of Overseas Business Division [Business in Charge] Research Division, Treasury Division, ATM Operations and Management Division and Overseas Business Division		—
Yoji Ohashi	Director (Outside Director)	Chairman and Director, ANA HOLDINGS INC.	—
Yuko Miyazaki	Director (Outside Director)	Attorney-at-law (Partner, Nagashima Ohno & Tsunematsu)	—
Shuji Ohashi	Director (Outside Director)	Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office)	—
Yuri Okina	Director (Outside Director)	Counselor, The Japan Research Institute, Limited	—
Akihiko Shimizu	Director (Outside Director)	Director, Executive Officer and Senior Officer, Accounting Dept. of Seven & i Holdings Co., Ltd.	—
Toshiaki Ikeda	Statutory Auditor (full-time)		—
Tetsuya Katada	Statutory Auditor (Outside Statutory Auditor)		—
Naomi Ushio	Statutory Auditor (Outside Statutory Auditor)	Professor, School of Information and Communication, Meiji University	—
Kunihiro Matsuo	Statutory Auditor (Outside Statutory Auditor)	Attorney-at-law (Head of Kunihiro Matsuo Law Firm)	—

Notes:

1. The Officer who resigned from office during the fiscal year under review was as follows:

Name	Position at time of resignation	Date of resignation
Masaharu Hino	Statutory Auditor (Outside Statutory Auditor)	June 18, 2013

2. Mr,Yoji Ohashi, Mr. Shuji Ohashi, Ms. Yuri Okina, Mr., Tetsuya Katada, Ms., Naomi Ushio and Mr., Kunihiro Matsuo have been registered as Independent Officers, as provided in the Tokyo Stock Exchange Regulations, with the Tokyo Stock Exchange.

(2) Remuneration, etc. for Company officers

(Unit: million yen)

Category	Number of persons	Remuneration, etc.
Director	13	356 (inclusive of 67 million yen in non-remuneration payments)
Statutory Auditor	5	49
Total	18	406 (inclusive of 67 million yen in non-remuneration payments)

Notes: 1. Figures in the table are rounded off to the nearest whole unit
2. The “Remuneration,etc.” in the above table includes 67 million yen of stock acquisition rights as “non-remuneration payments” which were granted to six Directors as stock options by resolution of the Board of Directors on July 5, 2013.
3. In addition to the above, an amount of 10 million yen equivalent to salaries for employees has been paid to persons who are both employees and Directors of the Company.
4. There are no officers’ bonuses or retirement benefits for Directors and Statutory 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 Outside Directors). Furthermore, separately from the Directors’ remuneration, 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. Matters concerning Outside Company officers

(1) Concurrent posts held by Outside Company officers, etc.

Name	Concurrent posts, etc.
Yoji Ohashi	Chairman and Director, ANA HOLDINGS INC. There are no major business interests and other relationships between the Company and ANA HOLDINGS INC.
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.
Shuji Ohashi	Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office) There are no major business interests and other relationships between the Company and Shuji Ohashi Office.
Yuri Okina	Counselor, The Japan Research Institute, Limited There are no major business interests and other relationships between the Company and The Japan Research Institute, Limited.
Akihiko Shimizu	Director, Executive Officer and Senior Officer, Accounting Dept. of Seven & i Holdings Co., Ltd. Seven & i Holdings Co., Ltd. is the parent company with business interests in the Company.
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.
Kunihiro Matsuo	Attorney-at-law (Head of Kunihiro Matsuo Law Firm) There are no major business interests and other relationships between the Company and Kunihiro Matsuo Law Firm.

(2) Contribution of Outside Company officers

Name	Appointment period	Attendance at meetings of the Board of Directors, etc., during the fiscal 2013	Verbal input and other contributions at meetings of the Board of Directors, etc.
Yoji Ohashi	June 2008 to present	Attended 11 of 12 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Yuko Miyazaki	June 2012 to present	Attended all 12 meetings of the Board of Directors	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
Shuji Ohashi	June 2013 to present	Attended all 10 meetings of the Board of Directors held following his appointment	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a Certified Public Accountant and management consultant
Yuri Okina	Same as above	Attended all 10 meetings of the Board of Directors held following her appointment	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as an expert and university professor in the field of economics and financial conditions
Akihiko Shimizu	Same as above	Attended all 10 meetings of the Board of Directors held following his appointment	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as Director of Seven & i Holdings Co., Ltd.
Tetsuya Katada	June 2010 to present	Attended 11 of 12 meetings of the Board of Directors Attended all 12 meetings of the Board of Statutory 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 11 of 12 meetings of the Board of Directors Attended all12 meetings of the Board of Statutory Auditors	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as a university professor
Kunihiro Matsuo	June 2013 to present	Attended 9 of 10 meetings of the Board of Directors held following his appointment Attended all 9 meetings of the Board of Statutory Auditors held following his appointment	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as an Attorney-at-law

(3) Liability limitation agreements

On the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with all Outside Company officers for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act.

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

(4) Remuneration for Outside Company officers

(Unit: millions of yen)

	Number of persons	Remuneration from the bank	Remuneration from the bank's parent company and others
Total remuneration,etc.	11	67	20

Notes: 1. Figures in the table are rounded off to the nearest whole unit.
2. Outside Company officers did not receive executive bonuses, stock options or retirement benefits.

(5) Input from Outside Company officers

Not applicable

4. Matters concerning Company shares

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

(2) Number of Shareholders as at the end of fiscal 2013 44,516

(3) Major shareholders

Shareholder name	Shareholding in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	(thousand shares) 453,639	38.09
State Street Bank and Trust Company (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	71,469	6.00
Ito-Yokado Co., Ltd.	46,961	3.94
York-Benimaru Co., Ltd.	45,000	3.77
The Master Trust Bank of Japan, Ltd. (trust account)	31,559	2.64
Japan Trustee Services Bank, Ltd. (trust account)	27,150	2.27
NORTHERN TRUST CO. AVFC RE FIDELITY FUNDS (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	20,043	1.68
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
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	0.83
Nomura Research Institute, Ltd.	10,000	0.83
NEC Corporation	10,000	0.83

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 by excluding treasury stock (128 shares), and with the third decimal place rounded down.
3. The Company received a report that the Report of Possession of Large Volume, dated January 10, 2014, submitted by FMR LLC to the Director-General of the Kanto Finance Bureau, states that the firm holds 72,997,900 shares (holding ratio: 6.13%) as of December 31, 2013. However, because the Company was unable to verify the actual number of shares held by the firm as of the end of fiscal 2013, the firm is not included in the list of major shareholders above.

(4) Other important items concerning the Company shares

Not applicable

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

(1) The Company's stock acquisition rights, etc., owned by Company officers as of the end of the fiscal year

Name		Seven Bank, Ltd. First Round – (1) Stock acquisition rights	Seven Bank, Ltd. 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 Outside Directors)	157 (4 persons)	171 (4 persons)
	Outside Directors	—	—
	Statutory Auditors	—	—
Number and type of shares to be acquired for stock acquisition rights		157,000 shares of common stock of the Company (1,000 shares per stock acquisition right)	171,000 shares of common stock of the Company (1,000 shares per stock acquisition right)
Amount to be paid for stock acquisition rights		236,480 yen per stock acquisition right	221,862 yen per stock acquisition right
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 only for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.

Name		Seven Bank, Ltd. Second Round – (2) Stock acquisition rights	Seven Bank, Ltd. Third Round – (1) Stock acquisition rights
Issuance decided		July 10, 2009	July 9, 2010
Number of stock acquisition rights (number of persons who hold stock acquisition rights)		9 (1 person)	423 (5 persons)
	Directors (excluding Outside Directors)	9 (1 person)	423 (5 persons)
	Outside Directors	—	—
	Statutory Auditors	—	—
Number and type of shares to be acquired for stock acquisition rights		9,000 shares of common stock of the Company (1,000 shares per stock acquisition right)	423,000 shares of common stock of the Company (1,000 shares per stock acquisition right)
Amount to be paid for stock acquisition rights		221,862 yen per stock acquisition right	139,824 yen per stock acquisition right
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 4, 2009, to August 3, 2039	From August 10, 2010, to August 9, 2040
Conditions on exercise of stock acquisition rights		The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.

Name	Seven Bank, Ltd. Fourth Round – (1) Stock acquisition rights	Seven Bank, Ltd. Fourth Round – (2) Stock acquisition rights
Issuance decided	July 1, 2011	July 1, 2011
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	440 (5 persons)	16 (1 person)
Directors (excluding Outside Directors)	440 (5 persons)	16 (1 person)
Outside Directors	—	—
Statutory Auditors	—	—
Number and type of shares to be acquired for stock acquisition rights	440,000 shares of common stock of the Company (1,000 shares per stock acquisition right)	16,000 shares of common stock of the Company (1,000 shares per stock acquisition right)
Amount to be paid for stock acquisition rights	127,950 yen per stock acquisition right	127,950 yen per stock acquisition right
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 9, 2011, to August 8, 2041	From August 9, 2011, to August 8, 2041
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.

Name	Seven Bank, Ltd. Fifth Round – (1) Stock acquisition rights	Seven Bank, Ltd. Sixth Round – (1) Stock acquisition rights
Issuance decided	July 6, 2012	July 5, 2013
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	363 (6 persons)	216 (6 persons)
Directors (excluding Outside Directors)	363 (6 persons)	216 (6 persons)
Outside Directors	—	—
Statutory Auditors	—	—
Number and type of shares to be acquired for stock acquisition rights	363,000 shares of common stock of the Company (1,000 shares per stock acquisition right)	216,000 shares of common stock of the Company (1,000 shares per stock acquisition right)
Amount to be paid for stock acquisition rights	175,000 yen per stock acquisition right	312,000 yen per stock acquisition right
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 7, 2012, to August 6, 2042	From August 6, 2013, to August 5, 2043
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.	The stock acquisition rights may be exercised only for a period of 10 days following the day after the forfeiture of status as a Director.

Notes: 1. The details of Seven Bank, Ltd. 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, Ltd. First Round – (1) Stock acquisition rights to Fourth Round – (2) Stock acquisition rights, 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) The Company’s stock acquisition rights, etc., granted to employees, etc., during the fiscal year

Name	Seven Bank, Ltd. Sixth Round – (2) Stock acquisition rights
Issuance decided	July 5, 2013
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	43 (7 persons)
Executive Officers	43 (7 persons)
Number and type of shares to be acquired for stock acquisition rights	43,000 shares of common stock of the Company (1,000 shares per stock acquisition right)
Amount to be paid for stock acquisition rights	312,000 yen per stock acquisition right
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 6, 2013, to August 5, 2043
Conditions for exercise of stock acquisition rights	The stock acquisition rights may be exercised only 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. Matters concerning Accounting Auditors

(1) Accounting Auditors

(Unit: millions of yen)

Company and individual names	Remuneration, etc., for the fiscal year	Others
KPMG AZSA LLC Designated Limited Liability Partners: CPA Hiroyuki Yamada CPA Seiki Miyata	50	—

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

2. In audit contracts between the Company and its Accounting Auditors, as no distinction is made, or can substantially be made, between the amounts paid for audit as accounting auditors’ remuneration pursuant to the Companies Act and those pursuant to the Financial Instruments and Exchange Act, the amount noted as being paid as “Remuneration, etc., for the fiscal year” states the total of such amounts.

3. Total amount of money and other property benefits payable to the Accounting Auditors by the Company and its subsidiary corporations or entities: 50 million yen

(2) Limitation of liability contracts

Not applicable.

(3) Other matters concerning Accounting Auditors

A. Policies on the dismissal or refusal of reappointment of Accounting Auditors

In cases where circumstances concerning the Accounting Auditors correspond to grounds as specified by the items under Article 340, Paragraph 1, of the Companies Act, the Company’s Board of Statutory 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 Statutory Auditors. 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 Statutory Auditors, make a proposal to the General 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, Paragraph 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, Paragraph 3, of the Companies Act, and where an audit (in accordance with the Companies Act or the Financial Instruments and Exchange Act, or equivalent laws in foreign jurisdictions) of financial documents (and their equivalents) of important subsidiary corporations or entities of the bank is conducted by the audit corporation (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, Paragraph 5) other than the Accounting Auditors of the bank, 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 would be taken to ensure the suitable maintenance of operations of the Company in accordance with Article 362, Paragraph 4, Item 6, of the Companies Act. In regard to 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 Board of Directors 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

The information related to the execution by Directors of their duties is to be appropriately stored and controlled without fail, and prompt disclosure of the information is to be made in cases where there is a request made either by Directors or Statutory Auditors.

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 management 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 employees’ 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,” and, based on such “Basic Policy to Manage Subsidiaries,” 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 to the support the role of Statutory Auditors. In addition, the Directors shall, when requested by the Statutory Auditors, have 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 by 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. Matters concerning accounting advisors

Not applicable

10. Other

Not applicable

Balance Sheet
at the End of the 13th Term (as of March 31, 2014)

(Unit: million yen)

Category	Amount	Category	Amount
(**Assets**)		(**Liabilities**)	
Cash and due from banks	**504,462**	**Deposits**	**437,588**
Cash	479,533	Ordinary deposits	227,728
Due from banks	24,928	Time deposits	209,703
Call loans	**15,000**	Other deposits	157
Securities	**110,394**	**Negotiable certificates of deposits**	**760**
Government bonds	81,059	**Borrowed money**	**21,000**
Bonds	15,000	Borrowings	21,000
Stocks	2,261	**Bonds**	**115,000**
Other securities	12,072	**Other liabilities**	**59,511**
Loans receivable	**5,257**	Income taxes payable	8,481
Current overdrafts	5,257	Accrued expenses	5,300
Other assets	**102,149**	ATM-related temporary advances	40,966
Prepaid expenses	427	Asset retirement obligations	334
Accrued income	8,052	Other	4,429
ATM-related temporary payments	92,786	**Provision for bonuses**	**377**
Other	882	**Total liabilities**	**634,237**
Tangible fixed assets	**27,314**	**(Net assets)**	
Buildings	1,518	**Capital stock**	**30,509**
ATMs	22,408	**Capital surplus**	**30,509**
Other (tangible fixed assets)	3,387	Legal capital surplus	30,509
Intangible fixed assets	**19,569**	**Retained earnings**	**89,749**
Software	16,004	Legal retained earnings	0
Software-related temporary accounts	3,557	Other retained earnings	89,749
Other (intangible fixed assets)	6	Retained earnings brought forward	89,749
Prepaid pension cost	65	**Treasury stock**	**(0)**
Deferred tax assets	**1,224**	**Total shareholders' equity**	**150,767**
Allowance for loan losses	**(56)**	**Valuation difference on available-for-sale securities**	**3**
		Total valuation and translation adjustments	**3**
		Subscription rights to shares	**371**
		Total net assets	**151,142**
Total assets	**785,380**	**Total liabilities and net assets**	**785,380**

Statement of Income

for the 13th Term (from April 1, 2013, to March 31, 2014)

(Unit: million yen)

Category	Amount	
Ordinary income		**99,832**
Interest income	**809**	
Interest on loans receivable	613	
Interest and dividends on securities	118	
Interest on call loans	66	
Interest on deposits with banks	10	
Fees and commissions income	**98,892**	
Remittance-related fee income	1,208	
ATM-related fee income	94,381	
Other fees and commissions income	3,303	
Other ordinary income	**81**	
Gains on foreign exchange transactions	81	
Other income	**49**	
Reversal of allowance for loan losses	9	
Other	40	
Ordinary expenses		**62,690**
Interest expenses	**1,806**	
Interest on deposits with banks	497	
Interest on negotiable certificates of deposits	18	
Interest on call money	14	
Interest on borrowings and rediscounts	308	
Interest on bonds	967	
Fees and commissions expenses	**12,911**	
Remittance-related fee expense	660	
ATM placement fee expenses	11,386	
ATM-related fee expenses	560	
Other fees and commissions expenses	304	
Other	**0**	
Loss on sales of bonds	0	
General and administrative expenses	**47,961**	
Other ordinary expenses	**10**	
Other ordinary expenses	10	
Ordinary profit		**37,142**
Extraordinary losses		**1,007**
Losses on disposal of noncurrent assets	1,007	
Income before income taxes		**36,135**
Income taxes - current	**13,889**	
Income taxes - deferred	**(80)**	
Total income taxes		**13,809**
Net income		**22,325**

Statement of Changes in Net Assets

for the 13th Term (from April 1, 2013, to March 31, 2014)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Capital stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	30,509	30,509	30,509	0	75,759	75,759	(0)	136,778
Changes in items during the period								
Dividends from surplus	–	–	–	–	(8,336)	(8,336)	–	(8,336)
Net income	–	–	–	–	22,325	22,325	–	22,325
Purchase of treasury stock	–	–	–	–	–	–	(0)	(0)
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes of items during the period	–	–	–	–	13,989	13,989	(0)	13,989
Balance as of March 31, 2014	30,509	30,509	30,509	0	89,749	89,749	(0)	150,767

	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, 2013	21	21	291	137,091
Changes in items during the period				
Dividends from surplus	–	–	–	(8,336)
Net income	–	–	–	22,325
Purchase of treasury stock	–	–	–	(0)
Net change in items other than shareholders' equity	(18)	(18)	80	62
Total change in items during the period	(18)	(18)	80	14,051
Balance as of March 31, 2014	3	3	371	151,142

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 is calculated by the straight-line method.

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)

Although the Company previously adopted the declining-balance method for the depreciation of tangible fixed assets, the Company has changed to the straight-line method effective from the fiscal year ending March 31, 2014.

This change in accounting policy reflects our review of the depreciation method for tangible fixed assets in view of various changes in our business structure and the business environment surrounding the Company, including the corporate acquisition of a U.S. subsidiary and plant and equipment investment such as replacement with new-type ATMs.

Taking into account comprehensively that the Company's tangible fixed assets are expected to be basically used equally during their use period, profit is stably brought and administrative and maintenance expenses such as repair expense are generated almost equally, the Company determined it would be more reasonable for the Company to adopt the straight-line method to properly indicate the revenue to cost-matching relationship, enabling us to reflect the actual status of the Company's management on accounting more appropriately. This is why the depreciation method for tangible fixed assets has been changed from the declining-balance method to the straight-line method, effective from the fiscal year ending March 31, 2014.

Consequently, compared with the previous accounting method, ordinary profit increased by 3,935 million yen and income before income taxes increased by 3,926 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. 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.

4. 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 *cos*t:	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.

5. 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

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

Change in presentation method

(Balance sheet)

"Prepaid pension cost," which was included under "Other assets" for the previous fiscal year, is separately listed effective from the fiscal year under review by applying the Exhibit Form under the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ministerial Ordinance No. 10, 1982), which was revised in accordance with the "Cabinet Office Order for Partial Revision to the Ordinance for Enforcement of the Banking Act" (Cabinet Office Order No. 63, issued on September 27, 2013).

Important notes

(Balance sheet)

1. Total amount of stocks (and capital stock) of subsidiaries and affiliates: 12,072 million yen
2. Among the loans receivable, credits to bankrupt obligors were 0 million yen, and loans in arrears were 6 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 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. Loans receivable do not include restructured loans.
   "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 7 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 96,060 million yen in available-for-sale securities have been provided. Also, 783 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 3,017 million yen. This includes the unused balance of funds in the amount of 3,017 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 36,910 million yen
9. Total monetary claims on affiliated companies 71 million yen
10. Total monetary liabilities payable to affiliated companies 28,829 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)

Profit from trading with affiliated companies	
Total income from fee transactions, etc.	779 million yen
Total income from other transactions	6 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.	10,807 million yen
Total costs deriving from other transactions	78 million yen

(Statement of changes in shareholder's 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	—	0	(Note)
Total	0	0	—	0	

Note: 0 thousand shares of treasury stock (common stock) under "Increase during this fiscal year" derived from the acquisition of shares less than one unit.

(Securities)

1. Securities held for trading purposes (as of March 31, 2014)
   Not applicable

2. Bonds held to maturity (as of March 31, 2014)
   Not applicable

3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2014)
   There are no shares in subsidiary firms, subsidiary corporations, affiliates and others that have market value.

   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	12,072
Total	12,072

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, 2014)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	281	151	129
	Bonds	94,061	94,021	39
	Government bonds	81,059	81,023	36
	Corporate bonds	13,001	12,997	3
	Subtotal	94,342	94,173	169
Securities whose balance sheet amounts do not exceed acquisition costs	Stocks	1,836	2,000	(164)
	Bonds	1,999	2,000	(0)
	Corporate bonds	1,999	2,000	(0)
	Subtotal	3,835	4,000	(164)
Total		98,178	98,173	4

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

Classification	Balance sheet amount (million yen)
Unlisted stocks	144
Total	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, 2013, to March 31, 2014)
   Not applicable

6. Other securities sold during the fiscal year (from April 1, 2013, to March 31, 2014)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Bonds	1,000	—	0
Government bonds	1,000	—	0
Total	1,000	—	0

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)

1. Breakdown of the main reasons for the creation of deferred tax assets and deferred tax liabilities

	(million yen)
Deferred tax assets:	
Unpaid corporate tax	582
Excess depreciation charge	187
Provision for bonuses	134
Stock options-related expenses	132
Asset retirement obligations	119
Accrued expenses (previously Provision for directors' retirement benefits)	70
Excess bad debt reserve	20
Impairment loss	4
Other	49
Total deferred tax assets	1,300
Deferred tax liabilities:	
Adjustment to tangible fixed assets related to asset retirement obligations	(51)
Prepaid pension cost	(23)
Valuation difference on available-for-sale securities	(1)
Total deferred tax liabilities	(76)
Net deferred tax assets	1,224

2. Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10, 2014) on March 31, 2014, the Special Reconstruction Corporation Tax has been abolished for the fiscal year that begins on or after April 1, 2014. In accordance with this measure, the effective statutory tax rate which is used to measure deferred tax assets and deferred tax liabilities has been reduced to 35.64% from 38.01% for temporary differences that are expected to be eliminated during the fiscal year commencing on April 1, 2014. The impact of this change in the effective statutory tax rate was a decrease of 60 million yen in deferred tax assets and an increase of 60 million yen in income taxes—deferred.

(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	Directly held 38.09%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	10,807	Accrued expenses (Note 2)	960

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 other affiliated companies, etc.

Type	Name	Address	Capital (million yen)	Content of business or operations	% of voting rights	Relationship	Trans-actions	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	Finance-related operation	—	Capital transactions	Handling of negotiable certificates of deposits (Note 2)	18,602	Negotiable certificates of deposits	—
							Interest on negotiable certificates of deposits (Note 1)	17	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

(Per share information)

Net assets per share	126.59 yen
Net income per share	18.74 yen
Diluted net income per share	18.71 yen

(Significant subsequent events)

None

Consolidated Balance Sheet

at the End of the 13th Term (as of March 31, 2014)

(Unit: million yen)

Category	Amount	Category	Amount
(**Assets**)		(**Liabilities**)	
Cash and due from banks	**504,987**	**Deposits**	**437,588**
Call loans	**15,000**	**Negotiable certificates of deposits**	**760**
Securities	**98,322**	**Borrowed money**	**21,000**
Loans receivable	**5,257**	**Bonds**	**115,000**
ATM-related temporary payments	**92,786**	**Income taxes payable**	**8,481**
Other assets	**9,633**	**ATM-related temporary advances**	**40,966**
Tangible fixed assets	**28,588**	**Other liabilities**	**10,756**
Buildings	1,518	**Provision for bonuses**	**396**
ATMs	23,481	**Net defined benefit liability**	**120**
Other (tangible fixed assets)	3,588	**Deferred tax liabilities**	**1,899**
Intangible fixed assets	**34,568**	**Total liabilities**	**636,968**
Software	16,250	**(Net assets)**	
Goodwill	8,141	**Capital stock**	**30,509**
Other (intangible fixed assets)	10,176	**Capital surplus**	**30,509**
Deferred tax assets	**1,290**	**Retained earnings**	**88,520**
Allowance for loan losses	**(56)**	**Treasury stock**	**(0)**
		Total shareholders' equity	**149,539**
		Valuation difference on available-for-sale securities	**3**
		Foreign currency translation adjustment	**3,613**
		Remeasurements of defined benefit plans	**(119)**
		Total accumulated other comprehensive income	**3,497**
		Subscription rights to shares	**371**
		Total net assets	**153,408**
Total assets	**790,377**	**Total liabilities and net assets**	**790,377**

Consolidated Statement of Income

for the 13th Term (from April 1, 2013, to March 31, 2014)

(Unit: million yen)

Category	Amount	
Ordinary income		**105,587**
Interest income	**809**	
Interest on loans receivable	613	
Interest and dividends on securities	118	
Interest on call loans	66	
Interest on deposits with banks	10	
Fees and commissions income	**104,533**	
Remittance-related fee income	1,208	
ATM-related fee income	100,021	
Other fees and commissions income	3,303	
Other ordinary income	**81**	
Other income	**163**	
Reversal of allowance for loan losses	9	
Other	154	
Ordinary expenses		**69,801**
Interest expenses	**1,806**	
Interest on deposits with banks	497	
Interest on negotiable certificates of deposits	18	
Interest on call money	14	
Interest on borrowings and rediscounts	308	
Interest on bonds	967	
Fees and commissions expenses	**16,291**	
Remittance-related fee expense	660	
ATM placement fee expenses	14,249	
ATM-related fee expenses	954	
Other fees and commissions expenses	427	
Other	**0**	
General and administrative expenses	**51,693**	
Other ordinary expenses	**10**	
Other ordinary expenses	10	
Ordinary profit		**35,786**
Extraordinary losses		**1,028**
Losses on disposal of noncurrent assets	1,028	
Income before income taxes and minority interests		**34,758**
Income taxes - current	**13,885**	
Income taxes - deferred	**(363)**	
Total income taxes		**13,522**
Income before minority interests		**21,236**
Net income		**21,236**

Consolidated Statement of Changes in Net Assets

for the 13th Term (from April 1, 2013, to March 31, 2014)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	30,509	30,509	75,621	(0)	136,639
Change in items during the period					
Dividends from surplus	—	—	(8,336)	—	(8,336)
Net income	—	—	21,236	—	21,236
Purchase of treasury stock	—	—	—	(0)	(0)
Net change in items other than shareholders' equity	—	—	—	—	—
Total change in items during the period	—	—	12,899	(0)	12,899
Balance as of March 31, 2014	30,509	30,509	88,520	(0)	149,539

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2013	21	1,092	—	1,114	291	138,045
Change in items during the period						
Dividends from surplus	—	—	—	—	—	(8,336)
Net income	—	—	—	—	—	21,236
Purchase of treasury stock	—	—	—	—	—	(0)
Net change in items other than shareholders' equity	(18)	2,520	(119)	2,383	80	2,463
Total change in items during the period	(18)	2,520	(119)	2,383	80	15,363
Balance as of March 31, 2014	3	3,613	(119)	3,497	371	153,408

Explanatory Notes (Consolidated)

Amounts of less than one million yen have been discarded.

Basis of Presenting 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 (corporation): Financial Consulting & Trading International, Inc.

(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 is as follows:
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. However, if the amount is insignificant, the corresponding goodwill is recorded as an expense at the time of occurrence.

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.

Valuation difference 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 of the Company is calculated by the straight-line method.

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)

Although the Company previously adopted the declining-balance method for the depreciation of tangible fixed assets, the Company has changed to the straight-line method effective from this consolidated fiscal year.

This change in accounting policy reflects our review of the depreciation method for tangible fixed assets in view of various changes in our business structure and the business environment surrounding the Company, including the corporate acquisition of a U.S. subsidiary and plant and equipment investment such as replacement with new-type ATMs.

Taking into account comprehensively that the Company’s tangible fixed assets are expected to be basically used equally during their use period, profit is stably brought and administrative and maintenance expenses such as repair expense are generated almost equally, the Company determined it would be more reasonable for the

Company to adopt the straight-line method to properly indicate the revenue to cost-matching relationship, enabling us to reflect the actual status of the Company's management on accounting more appropriately. This is why the depreciation method for tangible fixed assets has been changed from the declining-balance method to the straight-line method, effective from the fiscal year ended March 31, 2014.

Consequently, compared with the previous accounting method, ordinary profit increased by 3,935 million yen and income before income taxes and minority interests increased by 3,926 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.

(4) Accounting procedure regarding employees' retirement benefits

In calculating the retirement benefit obligations, the point system for retirement benefits is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review. Prior service cost and net actuarial differences are treated as expenses as follows:

Prior service cost:	Amortized using the straight-line method over ten years within the employees' average remaining service period at incurrence.
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.

(5) 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.

(6) 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.

(7) Consumption taxes

At the Company, national and local consumption taxes are accounted for using the tax-excluded method.

Change in accounting policy

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012; hereinafter the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012; hereinafter the "Guidance") have been applied effective from the end of the consolidated fiscal year ended March 31, 2014 (however, excluding the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance). Consequently, the amount of retirement benefit obligations after deducting the plan assets was reported as "Net defined benefit liability" at the end of the consolidated fiscal year under review.

The application of the Accounting Standard for Retirement Benefits, etc., complies with provisional accounting treatment in accordance with Paragraph 37 of the Accounting Standard for Retirement Benefits, and therefore unrecognized actuarial gains and losses and unrecognized past service costs after adjusting tax effects were reported as accumulated other comprehensive income at the end of the consolidated fiscal year under review.

As a result, a net defined benefit liability of 120 million yen was reported. Meanwhile, accumulated other comprehensive income decreased by 119 million yen from the end of the consolidated fiscal year.

Unapplied accounting standards, etc.

1. Accounting Standard for Retirement Benefits, etc. (Issued on May 17, 2012)

(1) Summary

The revisions in the above accounting standard and its implementation guidance focused on the accounting procedure for unrecognized actuarial gains and losses and unrecognized past service costs, the calculation method for retirement benefit obligations and current service costs, and enhancement of disclosures, from the viewpoint of improvements to financial reporting and international convergence.

(2) Planned date of application

The Company plans to apply the revised 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 standard, etc.

The impact of the above accounting standard, etc., is expected to be insignificant.

2. Accounting Standard for Business Combinations, etc. (issued on September 13, 2013)

(1)Summary

The revisions in the Accounting Standard for Business Combinations, etc., mainly focused on (1) how the gain (loss) on change in equity of a parent company to a subsidiary should be accounted for if the control by the parent company continues in case of an additional acquisition of shares of said subsidiary, (2) how acquisition-related costs should be accounted for, (3) the treatment of the provisional accounting procedure, and (4) the presentation of net income and the change from minority interests to non-controlling interest.

(2) Planned date of application

The Company plans to apply the aforementioned Revised Accounting Standard for Business Combinations, etc., from the beginning of the consolidated fiscal year commencing on April 1, 2015.

(3) Impact of the application of the above accounting standard, etc.

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

Change in presentation method

(Consolidated balance sheet)

"Income taxes payable," which was included in "Other liabilities" for the previous consolidated fiscal year has been separately presented effective from this consolidated fiscal year due to increased monetary importance. Income taxes payable for the previous consolidated fiscal year was 6,203 million yen.

Important notes

(Consolidated balance sheet)

1. Among the loans receivable, credits to bankrupt obligors were 0 million yen, and loans in arrears were 6 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. Loans receivable do not include restructured loans.

"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 7 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 96,060 million yen in available-for-sale securities have been provided. Also, 823 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 3,017 million yen. This includes the unused balance of funds in the amount of 3,017 million yen under agreements in which the original term is one year or less.

7. Accumulated depreciation for tangible fixed assets 37,346 million yen

(Consolidated statement of changes in shareholder's 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	1,190,949	—	—	1,190,949	
Total	1,190,949	—	—	1,190,949	
Treasury stock					
Common stock	0	0	—	0	(Note)
Total	0	0	—	0	

Note: 0 thousand shares of treasury stock (common stock) under "Increase during this fiscal year" derived from the acquisition of shares less than one unit.

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		—					371	
Total		—					371	

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 24, 2013	Common stock	4,168 million yen	3.50 yen	March 31, 2013	June 3, 2013
In the Board of Directors' meeting held on November 8, 2013	Common stock	4,168 million yen	3.50 yen	September 30, 2013	December 2, 2013

(2) Dividends with record dates within this consolidated fiscal year, and effective dates after March 31, 2014, 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 23, 2014	Common stock	4,763 million yen	Retained earnings	4.00 yen	March 31, 2014	June 2, 2014

(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 borrowers. Securities consist of Japanese government bonds, etc., and stocks, and are held for "other purposes." These are exposed to the credit risks of each borrower or 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, 2014, was a total of 1,058 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, 2014, 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*	504,986	504,986	—
(2) Call loans*	14,956	14,956	—
(3) Securities			
Other securities	98,178	98,178	—
(4) Loans receivable	5,257		
Allowance for loan losses*	—		
	5,257	5,257	—
(5) ATM-related temporary payments*	92,784	92,784	—
Total assets	716,162	716,162	—
(1) Deposits	437,588	438,160	571
(2) Negotiable certificates of deposits	760	760	—
(3) Borrowed money	21,000	21,277	277
(4) Bonds	115,000	115,686	686
(5) ATM-related temporary advances	40,966	40,966	—
Total liabilities	615,314	616,849	1,535

* 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 was 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 the "(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 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) 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.

(4) Bonds

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

(5) 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 the 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*	144
Total	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)

	Within 1 year	Over 1 year but within 3 years	Over 3 years but within 5 years	Over 5 years but within 7 years	Over 7 years but within 10 years	Over 10 years
Due from banks*1	25,453	—	—	—	—	—
Call loans	15,000	—	—	—	—	—
Securities						
Other securities with maturity	50,500	45,500	—	—	—	—
Government bonds	50,500	30,500	—	—	—	—
Bonds	—	15,000	—	—	—	—
Loans receivable*2	5,250	—	—	—	—	—
ATM-related temporary payments	92,786	—	—	—	—	—
Total	188,990	45,500	—	—	—	—

Notes:

*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, is not included in loans receivable.
Loans receivable are disclosed as “Not more than one year.”

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

(Unit: million yen)

	Within 1 year	Over 1 year but within 3 years	Over 3 years but within 5 years	Over 5 years but within 7 years	Over 7 years but within 10 years	Over 10 years
Deposits*	353,133	47,294	37,160	—	—	—
Negotiable certificates of deposit	760	—	—	—	—	—
Borrowed money	5,000	6,000	—	10,000	—	—
Bonds	20,000	—	45,000	30,000	20,000	—
ATM-related temporary advances	40,966	—	—	—	—	—
Total	419,859	53,294	82,160	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, 2014)
   Not applicable

2. Bonds held to maturity (as of March 31, 2014)
   Not applicable

3. Other securities (as of March 31, 2014)

	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	281	151	129
	Bonds	94,061	94,021	39
	Government bonds	81,059	81,023	36
	Corporate bonds	13,001	12,997	3
	Subtotal	94,342	94,173	169
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Stocks	1,836	2,000	(164)
	Bonds	1,999	2,000	(0)
	Corporate bonds	1,999	2,000	(0)
	Subtotal	3,835	4,000	(164)
Total		98,178	98,173	4

Note: 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, 2013, to March 31, 2014)
   Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2013, to March 31, 2014)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Bonds	1,000	—	0
Government bonds	1,000	—	0
Total	1,000	—	0

6. Changes in purpose of holding securities
   Not applicable

7. Securities to which impairment is applied
   Not applicable

(Money held in trust)
Not applicable

(Stock options, etc.)

1. Account title and amount of expenses related to stock options
   Operating expenses 80 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)	Sixth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Sixth 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	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	Common stock: 216,000 shares	Common stock: 43,000 shares
Grant date	August 6, 2012	Same as at left.	August 5, 2013	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 7, 2012–August 6, 2042	Same as at left.	August 6, 2013–August 5, 2043	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 stock; 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, 2014 (fiscal year 2013), 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	7,000	171,000	23,000
Granted	—	—	—	—
Exercised	—	—	—	—
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	25,000	440,000	104,000
Granted	—	—	—	—
Exercised	—	—	—	—
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)	Sixth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Sixth Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	―	―	―	―
Granted	―	―	216,000	43,000
Forfeited	―	―	—	—
Vested	―	―	216,000	43,000
Outstanding	―	―	—	—
Post vesting (shares)				
At end of previous consolidated fiscal year	363,000	77,000	—	—
Granted	―	―	216,000	43,000
Exercised	―	―	—	—
Forfeited	―	―	—	—
Outstanding	363,000	77,000	216,000	43,000

(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	—	—	—	—
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	—	—	—	—
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)	Sixth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Sixth 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	—	—	—	—
Fair value valuation price when granted	175,000 yen per stock acquisition right	175,000 yen per stock acquisition right	312,000 yen per stock acquisition right	312,000 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 stock; 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 fairly evaluated unit value for the Sixth Round – (1) and Sixth 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

	Sixth Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Sixth Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Expected volatility (Note 1)	32.233%	32.233%
Average expected life (Note 2)	6.03 years	6.03 years
Expected dividends (Note 3)	6.75 yen per share	6.75 yen per share
Risk-free interest rate (Note 4)	0.405%	0.405%

Notes: 1. Calculated on the basis of actual share prices of the Company's stock for the five-year and five-month period from February 29, 2008, to August 5, 2013.

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 10-day period, in which the rights may be exercised, to the average period in days from June 2013 until the retirement dates of all such Directors and staff.

3. Expected dividends are based on 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.

(Tax-effect accounting)

Following the promulgation on March 31, 2014, of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10, 2014), the Special Reconstruction Corporation Tax has been abolished for the consolidated fiscal year that begins on or after April 1, 2014. In accordance with this measure, the effective statutory tax rate which is used to measure deferred tax assets and deferred tax liabilities has been reduced to 35.64% from 38.01% for temporary differences that are expected to be eliminated during the consolidated fiscal year commencing on April 1, 2014. The impact of this change in the effective statutory tax rate was a decrease of 60 million yen in deferred tax assets and an increase of 60 million yen in income taxes - deferred.

(Business combination)

Acquisition of business

Financial Consulting & Trading International, Inc. (hereinafter "FCTI"), a consolidated subsidiary of the Company, entered into an asset acquisition agreement with Global Axcess Corp. regarding the ATM business that had been held by Global Axcess Corp. and its subsidiaries (hereinafter collectively "Global Axcess") and implemented the asset acquisition on September 27, 2013.

1. Summary of the acquisition of business

(1) Designation of the counterparty of the business acquisition, and the description of the acquired business

Counterparty: Global Axcess Corp. and its two subsidiaries

Description of the acquired business: ATM business

(2) Major reason for the business combination

The Company anticipates that this combination will have high potential for FCTI's ATM business in the United States: ensuring a local business base necessary for more efficient operations, preparing for future expansion of the customer base and acquiring human resources who are familiar with the ATM operating business in the United States, in addition to advantages such as the expansion of business scale and the consequent improvement of cost competitiveness.

(3) Date of the business combination

September 27, 2013

(4) Legal form of the business combination

Acquisition of business for consideration of cash

(5) Major reasons that led to the final decision to acquire the acquiring company

FCTI, a consolidated subsidiary of the Company, conducted the acquisition of business for consideration of cash.

2. Period for the operating results of the acquired business that was included in the consolidated financial statements

From September 27, 2013, to December 31, 2013

3. Acquisition cost of the acquired business and the breakdown thereof

Consideration for the acquisition	US$10 million

4. Amount of goodwill recognized, generating factors of goodwill and method and period for amortization of goodwill

(1) Amount of goodwill generated

US$1 million

(2) Generating factors of goodwill

Mainly excess earning power that is highly expected due to the anticipated business development of the acquired business

(3) Method and period for amortization of goodwill

The goodwill was amortized in the full amount at the time of occurrence as the impact was not significant.

5. Amounts of the received assets and assumed liabilities on the date of the business combination, and the major breakdown thereof

	(Millions of U.S. dollars)
(1) Assets	
Total assets	13
Tangible fixed assets included therein	6
Intangible fixed assets other than goodwill included therein	3
(2) Liabilities	
Total liabilities	2

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$3 million
Total	US$3 million

(2) Weighted average years of amortization by major type

Customer-related assets	6 years
Total	6 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, 2014

The relevant description is omitted as the impact is not significant.

(Per share information)

Net assets per share	128.49 yen
Net income per share	17.83 yen
Diluted net income per share	17.80 yen

(Significant subsequent events)

None

Independent Auditor's Report

May 19, 2014

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Seiki Miyata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the explanatory notes, and the supplementary schedules of Seven Bank, Ltd.as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the 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 supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is 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 supplementary schedules.

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

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Seven Bank, Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As described in the "Significant accounting policies," the Company changed the depreciation method for its tangible fixed assets from the previous declining-balance method to the straight-line method, effective from the fiscal year under review. This matter has no impact on our audit opinion.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 19,2014

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Seiki Miyata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the explanatory notes (consolidated) of Seven Bank, Ltd. as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit 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 depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we 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 in the circumstances, while the objective of the financial statement audit is 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Seven Bank, Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter
As described in the "Basis of Presenting Consolidated Financial Statements," the Company changed the depreciation method for

its tangible fixed assets from the previous declining-balance method to the straight-line method, effective from the consolidated fiscal year under review. This matter has no impact on our audit opinion.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Board of Statutory Auditors Audit Report (duplicated copy)

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 13th fiscal year from April 1, 2013, to March 31, 2014, 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, 2014, 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 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.

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.

Furthermore, we monitored and verified whether the Accounting Auditors maintained their 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 23, 2014

Board of Statutory Auditors, Seven Bank, Ltd.

Full-time Statutory Auditor	Toshiaki Ikeda (seal)
Statutory Auditor	Tetsuya Katada (seal)
Statutory Auditor	Naomi Ushio (seal)
Statutory Auditor	Kunihiro Matsuo (seal)

Note: Statutory Auditors Tetsuya Katada, Naomi Ushio and Kunihiro Matsuo 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 eleven (11) incumbent Directors will expire at the end of this General Meeting of Shareholders, 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, and important concurrent positions	Number of Company shares owned
1	Takashi Anzai (January 17, 1941)	Apr. 1963 Joined the Bank of Japan Dec. 1994 Executive Director, aforementioned bank Nov. 1998 President, Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited) Aug. 2000 Advisor, Ito-Yokado Co., Ltd. Apr. 2001 President, the Company Sep. 2005 Director, Seven & i Holdings Co., Ltd. (present post) Jun. 2010 Chairman and Representative Director, the Company. (present post) [Major Concurrent Positions] Director, Seven & i Holdings Co., Ltd.	560,200
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 Group II Executive Sales Director of Renown Incorporated Sep. 2000 Advisor, Ito-Yokado Co., Ltd. Apr. 2001 Managing Director, the Company. Jun. 2006 Director, Senior Managing Executive Officer, aforementioned company Jun. 2010 Vice Chairman and Director, Executive Officer, aforementioned company (present post)	326,100
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 Business Planning Division, UFJ Holdings, Inc. (now Mitsubishi UFJ Financial Group, Inc.) Jan. 2002 General Manager of Gotanda Corporate Sales Department, UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Oct. 2003 Joined the Company. 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	217,000

Candidate number	Name (Date of birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
4	Yasuaki Funatake (November 29, 1956)	Apr. 1980 Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited.) Jul. 2001 Manager of Retail Business Development Division, Shinsei Bank Limited Dec. 2001 Joined the Company Oct. 2002 General Manager of Business Development Division, aforementioned company May 2006 General Manager of Project Development Division, aforementioned company Jun. 2006 Executive Officer, aforementioned company Jun. 2008 Director, Executive Officer, aforementioned company Jun. 2010 Director, Managing Executive Officer, General Manager of Planning Division, aforementioned company Jun. 2013 Director, Senior Managing Executive Officer, General Manager of Planning Division, aforementioned company Apr. 2014 Director, Senior Managing Executive Officer, aforementioned company (present post) [Business in Charge] Planning Division, General Affairs Division and Business Support Division	173,200
5	Kazuhiko Ishiguro (December 2, 1957)	Apr. 1980 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Nov. 1998 Assistant General Manager of System Division (Tokyo), aforementioned bank Apr. 2001 Director, Ufit Co., Ltd. (now TIS Inc.) (on loan) Apr. 2004 Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.) (on loan) Mar. 2006 Executive Managing Director, aforementioned company May 2009 Joined the Company May 2009 Executive Officer, aforementioned company Jun. 2010 Director, Executive Officer, General Manager of System Division, aforementioned company Jun. 2013 Director, Managing Executive Officer, General Manager of System Division, aforementioned company Apr. 2014 Director, Managing Executive Officer, aforementioned company (present post) [Business in Charge] System Division, ATM Solution Division, Retail Marketing Division, and Business Development Division	23,400
6	Taku Oizumi (October 24, 1956)	Apr. 1980 Joined the Bank of Japan Nov. 2002 Branch Manager of Yokohama Branch, aforementioned bank Jul. 2006 General Manager of Payment and Settlement Systems Department, aforementioned bank Apr. 2008 General Manager of Currency Issue Department, aforementioned bank Jul. 2010 Joined the Company Jan. 2011 Executive Officer, aforementioned company Jun. 2012 Director, Executive Officer, aforementioned company Oct. 2013 Director, Managing Executive Officer, General Manager of Overseas Business Division, aforementioned company Apr. 2014 Director, Managing Executive Officer, aforementioned company (present post) May 2014 Director, Seven Financial Service Co., Ltd. (present post) [Business in Charge] Research Division, Treasury Division, ATM Administration Division and International Business Division [Major Concurrent Position] Director, Seven Financial Service Co., Ltd.	6,700

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
7	Yoji Ohashi (January 21, 1940)	Apr. 1964 Joined All Nippon Airways Co., Ltd. Jun. 1993 Director, aforementioned company Jun. 1997 Executive Managing Director, aforementioned company Jun. 1999 Vice President and Representative Director, aforementioned company Apr. 2001 President and Representative Director, aforementioned company Apr. 2005 Chairman and Representative Director, aforementioned company Apr. 2007 Chairman and Director, aforementioned company May 2008 Vice Chairman, Japan Business Federation Jun. 2008 Director, the Company (present post) Jun. 2008 Auditor, The Japan Atomic Power Company Oct. 2010 Director, TV TOKYO Holdings Corporation (present post) Apr. 2013 Chairman and Director, ANA HOLDINGS INC. (present post) [Major Concurrent Position] Chairman and Director, ANA HOLDINGS INC.	2,200
8	Yuko Miyazaki (July 9, 1951)	Apr. 1979 Registered as an Attorney-at-law, joined Daiichi Tokyo Bar Association (present post) Apr. 1979 Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu) (present post) Aug. 1984 Joined as Counsel of Legal Department, The World Bank (until August 1986) Jun. 2012 Director, the Company (present post) [Major Concurrent Position] Attorney-at-law (Partner, Nagashima Ohno & Tsunematsu)	0
9	Shuji Ohashi (November 23, 1938)	Apr. 1961 Joined Japan Management Association (now JMA Consultants Inc.) May 1975 Registered as a Certified Public Accountant Jun. 1991 Managing Director and General Manager of Overseas Division, aforementioned company Sep. 1993 President and Representative Director, JMAC AMERICA, INC. Jun. 2001 Executive Advisor, JMA Consultants Inc. (present post) Jun. 2013 Director, the Company(present post) [Major Concurrent Positions] Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office)	2,100
10	Yuri Okina (March 25, 1960)	Apr. 1984 Joined the Bank of Japan Apr. 1992 Joined The Japan Research Institute, Limited. Jul. 2000 Member of Financial System Council, Financial Services Agency Sep. 2001 Invited Professor Graduate School of Keio University Jun. 2006 Counselor, The Japan Research Institute, Limited (present post) Apr. 2008 Visiting Professor, Waseda University (present post) Jun. 2008 Director, Nippon Yusen Kabushiki Kaisha (present post) Jul. 2008 Executive Vice President, National Institute for Research Advancement (present post) Jun. 2013 Director, the Company(present post) Mar. 2014 Outside Director, Bridgestone Corporation (present post) [Major Concurrent Position] Counselor, The Japan Research Institute, Limited.	0

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
11	Akihiko Shimizu (March 16, 1952)	Apr. 1994 Joined Ito-Yokado Co., Ltd. May 2004 Executive Officer, aforementioned company Sep. 2005 Senior Officer, Accounting Dept., Seven & i Holdings Co., Ltd. Jan. 2006 Executive Officer, Senior Officer of Accounting Dept., aforementioned company May 2012 Director, Executive Officer, Senior Officer of Accounting Dept., aforementioned company (present post) Jun. 2013 Director, the Company(present post) [Major Concurrent Position] Director, Executive Officer, and Senior Officer of Accounting Dept., Seven & i Holdings Co., Ltd.	20,000

Notes: 1. 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.

2. Candidates Mr. Yoji Ohashi, Ms. Yuko Miyazaki, Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu are candidates for Outside Director of the Company.

3. The reasons for the candidates for Outside 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 Japan Business Federation have contributed to the management of the Company and render him a suitable candidate for Outside 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 Outside Director because she has been contributing to the Company's business management by drawing on her legal knowledge and considerable experience. Although Ms. Miyazaki has not been directly involved in company management other than as Outside Director elsewhere to date, the Company judges that she will be able to appropriately perform duties as an Outside 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 Outside 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 Outside Director. Although Ms. Okina has not been directly involved in company management other than as Outside Director elsewhere to date, the Company judges that she will be able to appropriately perform duties as an Outside 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 Outside Director.

4. 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 Outside Director assumed offices as Directors, Executive Officers, or Statutory Auditors of the other companies, if any in the last five years, are as follows:
   - Nippon Yusen Kabushiki Kaisha for which Ms. Yuri Okina assumes office as Director received an exclusion order and an order to pay an administrative monetary penalty from the Fair Trade Commission in March 2014 for acting in violation of the law in connection with its specified vehicle carrier service. Although Ms. Yuri Okina had not been aware of such act until the Commission's investigation began, she had regularly expressed her views on legal compliance. After this issue was revealed, she has endeavored to reinforce the Company's legal compliance systems by providing opinions to prevent the recurrence of any acts in violation of the Japan Antimonopoly Act and the violation of any other kinds of competition law in foreign countries as well.

5. Mr. Yoji Ohashi, Ms. Yuko Miyazaki, Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu are currently Outside Directors of the Company and their periods of service as Outside Directors will be six years for Mr. Yoji Ohashi, two years for Ms. Yuko Miyazaki, and one year for Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu as of the conclusion of the Meeting.

6. Candidates Mr. Yoji Ohashi, Ms. Yuko Miyazaki, Mr. Shuji Ohashi, Ms. Yuri Okina and Mr. Akihiko Shimizu are all currently serving as Outside Directors of the Company and on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, they have concluded contracts with the Company for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act (moreover, the amount of the liability limitation under the contract is as provided by law). If their election to Outside Director is approved as originally proposed, their current contracts will continue to remain in force.

7. Candidates Mr. Yoji Ohashi, Mr. Shuji Ohashi and Ms. Yuri Okina have been registered as Independent Officers, as provided in the Tokyo Stock Exchange Regulations, with the Tokyo Stock Exchange. If their election to Outside Directors is approved as originally proposed, they will continue to be registered as Independent Officers.

Proposal 2: Election of Two (2) Statutory Auditors

Statutory Auditor Mr. Tetsuya Katada's term of office will expire at the conclusion of the Meeting and it is requested to increase the number of Statutory Auditors by one (1) to further reinforce the auditing structure. 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	Tetsuya Katada (October 15, 1931)	Apr. 1953	Joined Komatsu Ltd.	3,300
		Mar. 1978	Director, aforementioned company	
		Mar. 1983	Executive Managing Director, aforementioned company	
		Mar. 1987	Senior Executive Managing Director, aforementioned company	
		Jun. 1988	Vice President and Representative Director, aforementioned company	
		Jun. 1989	President and Representative Director, aforementioned company	
		May 1995	Vice Chairman of the Board of Councilors, Japan Federation of Economic Organization (now Japan Business Federation)	
		Jun. 1995	Chairman and Representative Director, Komatsu Ltd.	
		Dec. 1998	Member of the Financial Reconstruction Commission	
		May 1999	Vice Chairman, Japan Business Federation	
		Jun. 1999	Director and Chairman, Komatsu Ltd.	
		Jan. 2001	Member of Financial System Council, Financial Services Agency (until January 2005)	
		Jun. 2001	Director and Counselor, Komatsu Ltd.	
		Nov. 2002	Chairman, Blue Ribbon Panel regarding Policy Evaluation, Financial Services Agency	
		Jun. 2003	Counselor and Special Advisor, Komatsu Ltd.	
		Jul. 2005	Advisor, aforementioned company (present post)	
		Jun. 2010	Statutory Auditor, the Company (present post)	
2*	Isamu Hirai (February 26, 1951)	Jul. 1978	Joined Seven-Eleven Japan Co., Ltd.	100,000
		Feb. 1992	General Manager of Treasury Department, aforementioned company	
		Feb. 2000	General Manager of Corporate Planning Department, aforementioned company (Retired from Seven-Eleven Japan Co., Ltd. in April 2001)	
		Apr. 2001	Director and Manager of Planning Division, the Company (Retired from the Company in May 2006)	
		May 2006	Executive Officer and Manager of Planning Department of Planning Office, Seven-Eleven Japan Co., Ltd.	
		May 2007	Managing Executive Officer and Manager of Planning Office, aforementioned company	
		Jan. 2009	Managing Executive Officer and Deputy Manager of Accounting Management Headquarters, aforementioned company	
		Jan. 2010	Executive Officer, Deputy Manager of Accounting Management Headquarters and Manager of Corporate Behavior Promotion Office, aforementioned company	
		Jan. 2012	Executive Officer and Manager of Franchisee Consulting Department, aforementioned company	
		Mar. 2012	General Manager of Franchisee Consulting Department, aforementioned company (present post)	

Notes:
1. The candidate with an asterisk is a new candidate for Statutory Auditor.
2. Candidate Mr. Isamu Hirai is involved in the execution of operations (as General Manager of Franchisee Consulting Department) of Seven-Eleven Japan Co., Ltd., which is a specific related company of the Company. There are no particular interests between the Company and candidate Mr. Tetsuya Katada.
3. Candidate Mr. Isamu Hirai is going to retire from Seven-Eleven Japan Co., Ltd. as of the date of this General Meeting of Shareholders.
4. Candidate Mr. Tetsuya Katada is a candidate for Outside Statutory Auditor of the Company.
5. Mr. Tetsuya Katada was nominated for Outside Statutory Auditor because his experience deriving from his role as a business administrator, broad opinions gained in various business organizations, and long-term involvement in deliberation on financial systems are expected to contribute to supervision/monitoring of the overall management of the Company and to bring valuable advice, and render him a suitable candidate for Outside Statutory Auditor.

6. Candidate Mr. Tetsuya Katada is currently serving as Outside Statutory Auditor of the Company and on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, he has concluded the contract with the Company for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act (moreover, the amount of the liability limitation under the contract is as provided by law). If his election to Outside Statutory Auditor is approved as originally proposed, his current contract will continue to remain in force.
7. Candidate Mr. Tetsuya Katada has been registered as an Independent Officer, as provided in the Tokyo Stock Exchange Regulations, with the Tokyo Stock Exchange. If his election to Outside Statutory Auditor is approved as originally proposed, he will continue to be registered as an Independent Officer.

[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.evote.jp/) designated by the Company from a personal computer or a mobile phone (i-mode, EZweb, Yahoo! Mobile)*. (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 terminal ID information data transmission.

(4) The exercise of voting rights via the Internet will be acceptable until 5:30 p.m. on Wednesday, June 18, 2014. 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.

2. Method of the Exercise of 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.evote.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

Any charges that might be required to access the voting service Web site (http://www.evote.jp/) (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 via the Internet as described above, subject to the prior application for use to ICJ, Inc.