

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 29, 2015

## CONVOCAION NOTICE OF THE 14TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 14th 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 and exercise your voting rights by 5:30 pm on Wednesday, June 17, 2015.

Yours Sincerely,

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

**Date and time** Thursday, June 18, 2015, at 10:00 am (Doors open at 9:00 am)

**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.)

### Agenda of the Meeting

Matters to be Reported	1. Business Report and Report on the Non-consolidated Financial Statements for the 14th Fiscal Period (from April 1, 2014, to March 31, 2015). 2. Report on the Consolidated Financial Statements for the 14th Fiscal Period (from April 1, 2014, to March 31, 2015) and the Results of Audit by the Accounting Auditor and the Board of Statutory Auditors on Said Consolidated Financial Statements.
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Matters to be Resolved	Proposal No. 1	Partial Amendments to the Articles of Incorporation
	Proposal No. 2	Election of Eleven (11) Directors
	Proposal No. 3	Election of One (1) Statutory Auditor

### Matters decided in convening the Meeting

1. 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.
2. 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:**

- From among the documents to be provided together with this convocation notice, the notes to the Non-consolidated Financial Statements and the notes to the Consolidated Financial Statements are disclosed on the Company's Web site (<http://www.sevenbank.co.jp/ir/stock/>) and not provided herewith pursuant to the law and Article 14 of the Articles of Incorporation. The Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Board of Statutory Auditors and the Accounting Auditor to prepare the Audit Report and the Independent Auditor's Report, respectively, comprise the said notes as well as the financial statements accompanied herewith.
- 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/ir/stock/>).

## **Guidance to the Exercise of Voting Rights**

Voting rights are important rights of shareholders. Please exercise your voting rights after carefully reviewing the “Reference Materials for General Meeting of Shareholders.” There are three methods for the exercise of voting rights as follows.

### **Attending the General Meeting**

Please present the enclosed Exercise of Voting Rights Form at the reception desk.

#### **Date and time of the General Meeting**

June 18, 2015, at 10:00 am

### **By mail**

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

#### **Exercise deadline**

Must arrive by 5:30 pm, June 17, 2015

### **Via the Internet**

Please access the voting service Web site (<http://www.evot.jp/>) designated by the Company and enter your approval or disapproval of the proposals by the following deadline.

#### **Exercise deadline**

No later than 5:30 pm, June 17, 2015

## **Notes on the exercise of voting rights via the Internet**

- If you have exercised your voting rights via the Internet, the vote exercised via the Internet shall prevail even if you exercise your voting rights by returning the Exercise of Voting Rights Form by mail.
- If you have exercised your voting rights more than once via the Internet, only the last vote shall prevail.
- Any charges that might be required to access the voting service Web site, such as connection fees charged by Internet service providers and telecommunications charges, shall be borne by the shareholder.
- Please note that the exercise of voting rights using a personal computer or a smartphone, etc. might not be available depending on the Internet environment of each shareholder, and that the exercise of voting rights using mobile Web services might not be available depending on the model of the mobile phone used.

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.

### **To Institutional Investors**

As an alternative method for the exercise of voting rights for the Company’s General Meetings, the Electronic Voting Platform operated by Investor Communications Japan, Inc. is available.

## Reference Materials for Ordinary General Meeting of Shareholders

### Proposal 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

The “Act for Partial Amendments of the Companies Act” (Act No. 90, 2014), which took effect on May 1, 2015, has revised the scope of corporate officers with whom a limited liability contract may be concluded. Accordingly, it is proposed to amend the provisions of Article 30 (Limitation of Liability of Directors) and Article 41 (Limitation of Liability of Statutory Auditors) of the Company’s Articles of Incorporation pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act so that Directors without executive authority over operations, as well as Statutory Auditors who are not Outside Statutory Auditors, with whom the conclusion of the limited liability contract has been enabled by the revised Companies Act, can fulfill their expected roles in the Company and we can continue to secure appropriate human resources. The amendments to Article 30 have been approved by each of the Statutory Auditors.

#### 2. Details of the proposal

The proposed amendments are as follows.

Articles of Incorporation (current)	Articles of Incorporation (after amendment)
(Limitation of Liability of Directors) Article 30 (Omitted) 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Directors to limit their liability as stipulated in Article 423, Paragraph 1 of said Act; provided, however, that the limit of the liability under said agreement shall be the amount prescribed by laws and regulations.	(Limitation of Liability of Directors) Article 30 (No amendment) 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Directors ( <u>excluding Directors with executive authority over operations, etc.</u> ) to limit their liability as stipulated in Article 423, Paragraph 1 of said Act; provided, however, that the limit of the liability under said agreement shall be the amount prescribed by laws and regulations.
(Limitation of Liability of Statutory Auditors) Article 41 (Omitted) 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Statutory Auditors to limit their liability as stipulated in Article 423, Paragraph 1 of said Act; provided, however, that the limit of the liability under said agreement shall be the amount prescribed by laws and regulations.	(Limitation of Liability of Statutory Auditors) Article 41 (No amendment) 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Statutory Auditors to limit their liability as stipulated in Article 423, Paragraph 1 of said Act; provided, however, that the limit of the liability under said agreement shall be the amount prescribed by laws and regulations.

## Proposal 2: 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) Reappointed	<p>Apr. 1963      Joined the Bank of Japan</p> <p>Dec. 1994      Executive Director, aforementioned bank</p> <p>Nov. 1998      President, Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>Aug. 2000      Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001      President, the Company</p> <p>Sep. 2005      Director, Seven &amp; i Holdings Co., Ltd. (present post)</p> <p>Jun. 2010      Chairman and Representative Director, the Company (present post)</p> <p>[Major Concurrent Positions] Director, Seven &amp; i Holdings Co., Ltd.</p>	573,500
2	Masatoshi Wakasugi (January 19, 1946) Reappointed	<p>Apr. 1969      Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>Jun. 1996      Director and General Control Manager of Personnel Affairs Group and concurrently Manager of Training Department, Personnel Affairs Division, aforementioned bank</p> <p>Oct. 1997      Senior Managing Director, Chogin Securities Inc.</p> <p>Jun. 1998      Managing Director, Chogin Warburg Securities Inc. (now UBS Investment Bank)</p> <p>Jun. 1999      Group II Executive Sales Director of Renown Incorporated</p> <p>Sep. 2000      Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001      Managing Director, the Company.</p> <p>Jun. 2006      Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2010      Vice Chairman and Director, Executive Officer, aforementioned company (present post)</p>	334,100
3	Kensuke Futagoishi (October 6, 1952) Reappointed	<p>Apr. 1977      Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001      General Manager of Retail Business Planning Division, UFJ Holdings, Inc. (now Mitsubishi UFJ Financial Group, Inc.)</p> <p>Jan. 2002      General Manager of Gotanda Corporate Sales Department, UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 2003      Joined the Company</p> <p>Nov. 2003      General Manager of Business Promotion Division, aforementioned company</p> <p>Jun. 2004      Director, aforementioned company</p> <p>Jun. 2006      Director, Executive Officer, aforementioned company</p> <p>Nov. 2007      Director, Managing Executive Officer, aforementioned company</p> <p>Jun. 2009      Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2010      President and Representative Director, aforementioned company (present post)</p> <p>[Business in Charge] Internal Audit Division</p>	222,300

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) Reappointed	<p>Apr. 1980    Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited.)</p> <p>Jul. 2001    Manager of Retail Business Development Division, Shinsei Bank Limited</p> <p>Dec. 2001    Joined the Company</p> <p>Oct. 2002    General Manager of Business Development Division, aforementioned company</p> <p>May 2006    General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2006    Executive Officer, aforementioned company</p> <p>Jun. 2008    Director, Executive Officer, aforementioned company</p> <p>Jun. 2010    Director, Managing Executive Officer, General Manager of Planning Division, aforementioned company</p> <p>Jun. 2013    Director, Senior Managing Executive Officer, General Manager of Planning Division, aforementioned company</p> <p>Apr. 2014    Director, Senior Managing Executive Officer, aforementioned company (present post)</p> <p>[Business in Charge] Planning Division and Business Support Division</p>	179,900
5	Kazuhiko Ishiguro (December 2, 1957) Reappointed	<p>Apr. 1980    Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Nov. 1998    Assistant General Manager of System Division (Tokyo), aforementioned bank</p> <p>Apr. 2001    Director, Ufit Co., Ltd. (now TIS Inc.) (on loan)</p> <p>Apr. 2004    Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.) (on loan)</p> <p>Mar. 2006    Executive Managing Director, aforementioned company</p> <p>May 2009    Joined the Company</p> <p>May 2009    Executive Officer, aforementioned company</p> <p>Jun. 2010    Director, Executive Officer, General Manager of System Division, aforementioned company</p> <p>Jun. 2013    Director, Managing Executive Officer, General Manager of System Division, aforementioned company</p> <p>Apr. 2014    Director, Managing Executive Officer, aforementioned company (present post)</p> <p>[Business in Charge] System Division, ATM Solution Division, Retail Marketing Division, and Business Development Division</p>	24,200
6	Taku Oizumi (October 24, 1956) Reappointed	<p>Apr. 1980    Joined the Bank of Japan</p> <p>Nov. 2002    Branch Manager of Yokohama Branch, aforementioned bank</p> <p>Jul. 2006    General Manager of Payment and Settlement Systems Department, aforementioned bank</p> <p>Apr. 2008    General Manager of Currency Issue Department, aforementioned bank</p> <p>Jul. 2010    Joined the Company</p> <p>Jan. 2011    Executive Officer, aforementioned company</p> <p>Jun. 2012    Director, Executive Officer, aforementioned company</p> <p>Oct. 2013    Director, Managing Executive Officer, General Manager of Overseas Business Division, aforementioned company</p> <p>Apr. 2014    Director, Managing Executive Officer, aforementioned company (present post)</p> <p>May 2014    Director, Seven Financial Service Co., Ltd. (present post)</p> <p>[Business in Charge] Research Division, Treasury Division, ATM Administration Division and International Business Division</p> <p>[Major Concurrent Position] Director, Seven Financial Service Co., Ltd.</p>	9,300

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
7	Akihiko Shimizu (March 16, 1952) Reappointed	<p>Apr. 1994     Joined Ito-Yokado Co., Ltd.</p> <p>May 2004     Executive Officer, aforementioned company</p> <p>Sep. 2005     Senior Officer, Accounting Dept., Seven &amp; i Holdings Co., Ltd.</p> <p>Jan. 2006     Executive Officer, Senior Officer of Accounting Dept., aforementioned company</p> <p>May 2012     Director, Executive Officer, Senior Officer of Accounting Dept., aforementioned company (present post)</p> <p>Jun. 2013     Director, the Company (present post)</p> <p>May 2015     Statutory Auditor, York Mart Co., Ltd.</p> <p>[Major Concurrent Position] Director, Executive Officer, and Senior Officer of Accounting Dept., Seven &amp; i Holdings Co., Ltd.</p>	20,000
8	Yoji Ohashi (January 21, 1940) Reappointed Independent Officer	<p>Apr. 1964     Joined All Nippon Airways Co., Ltd.</p> <p>Jun. 1993     Director, aforementioned company</p> <p>Jun. 1997     Executive Managing Director, aforementioned company</p> <p>Jun. 1999     Vice President and Representative Director, aforementioned company</p> <p>Apr. 2001     President and Representative Director, aforementioned company</p> <p>Apr. 2005     Chairman and Representative Director, aforementioned company</p> <p>Apr. 2007     Chairman and Director, aforementioned company</p> <p>May 2008     Vice Chairman, Japan Business Federation</p> <p>Jun. 2008     Director, the Company (present post)</p> <p>Jun. 2008     Auditor, The Japan Atomic Power Company</p> <p>Oct. 2010     Director, TV TOKYO Holdings Corporation (present post)</p> <p>Apr. 2013     Chairman and Director, ANA HOLDINGS INC.</p> <p>Apr. 2015     Executive Advisor, aforementioned company (present post)</p>	2,200
9	Yuko Miyazaki (July 9, 1951) Reappointed	<p>Apr. 1979     Registered as an Attorney-at-law, joined Daiichi Tokyo Bar Association (present post)</p> <p>Apr. 1979     Joined Nagashima &amp; Ohno (current Nagashima Ohno &amp; Tsunematsu)</p> <p>Aug. 1984     Joined as Counsel of Legal Department, The World Bank (until August 1986)</p> <p>Jan. 1988     Partner, Nagashima &amp; Ohno (current Nagashima Ohno &amp; Tsunematsu) (present post)</p> <p>Jun. 2012     Director, the Company (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Partner, Nagashima Ohno &amp; Tsunematsu)</p>	0
10	Shuji Ohashi (November 23, 1938) Reappointed Independent Officer	<p>Apr. 1961     Joined Japan Management Association (now JMA Consultants Inc.)</p> <p>May 1975     Registered as a Certified Public Accountant</p> <p>Jun. 1991     Managing Director and General Manager of Overseas Division, aforementioned company</p> <p>Sep. 1993     President and Representative Director, JMAC AMERICA, INC.</p> <p>Jun. 2001     Executive Advisor, JMA Consultants Inc. (present post)</p> <p>Jun. 2013     Director, the Company (present post)</p> <p>Jun. 2014     Director, YOKOWO CO., LTD. (present post)</p> <p>[Major Concurrent Positions] Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office)</p>	4,800

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
11	Yuri Okina (March 25, 1960) Reappointed Independent Officer	<p>Apr. 1984      Joined the Bank of Japan</p> <p>Apr. 1992      Joined The Japan Research Institute, Limited.</p> <p>Jul. 2000      Member of Financial System Council, Financial Services Agency</p> <p>Jun. 2006      Counselor, The Japan Research Institute, Limited</p> <p>Apr. 2008      Visiting Professor, Waseda University</p> <p>Jun. 2008      Director, Nippon Yusen Kabushiki Kaisha (present post)</p> <p>Jul. 2008      Executive Vice President, National Institute for Research Advancement (present post)</p> <p>Jun. 2013      Director, the Company (present post)</p> <p>Mar. 2014      Outside Director, Bridgestone Corporation (present post)</p> <p>Jun. 2014      Vice Chairman, The Japan Research Institute, Limited (present post)</p> <p>Sep. 2014      Invited Professor, Keio University (present post)</p> <p>[Major Concurrent Position] Vice Chairman, The Japan Research Institute, Limited</p>	0

- 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 and Ms. Yuri Okina 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 currently contributing 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 currently contributing 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.
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 Antimonopoly Act in connection with its specified vehicle carrier service. In December 2014, the said company agreed to a plea bargain with the U.S. Department of Justice for acting in violation of the U.S. Antitrust Law in connection with its maritime transport of vehicles. Although Ms. Yuri Okina had not been aware of the acts targeted by said orders or the plea bargain until the investigation of these acts 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 seven years for Mr. Yoji Ohashi, three years for Ms. Yuko Miyazaki, and two years 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 and Ms. Yuri Okina have concluded contracts with the Company for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act on the basis of the provisions of Article 427, 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. Candidate Mr. Akihiko Shimizu has concluded a contract with the Company for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act (moreover, the amount of the liability limitation under the contract is as provided by law). If his election is approved as originally proposed and Proposal 1 is approved as originally proposed, the Company will conclude a similar limited liability contract with him.
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 3: Election of One (1) Statutory Auditor

Statutory Auditor Ms. Naomi Ushio's term of office will expire at the conclusion of the Meeting. It is therefore proposed that one (1) Statutory Auditor be elected.

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

The candidate for the position of Statutory Auditor is as follows.

Name (Date of Birth)	Biography, position, and major concurrent positions	Number of Company shares owned
Naomi Ushio (March 8, 1961) Reappointed Independent Officer	Apr. 1983      Joined Fuji Television Network, Inc.	7,100
	Apr. 1998      Full-time lecturer, Meiji University	
	Apr. 2003      Assistant Professor, aforementioned university	
	Apr. 2007      Associate Professor, aforementioned university	
	Apr. 2009      Professor, School of Information and Communication, aforementioned university (present post)	
	Aug. 2009      Councilor, the Liaison Conference for the Promotion of Gender Equality, Cabinet Office	
	Jun. 2011      Statutory Auditor, the Company (present post)	
	Jun. 2014      Corporate Auditor, JX Holdings, Inc. (present post) [Major Concurrent Position] Professor, School of Information and Communication, Meiji University	

- Notes: 1. There are no particular interests between the Company and candidate Ms. Naomi Ushio.
2. Candidate Ms. Naomi Ushio is a candidate for Outside Statutory Auditor of the Company.
3. Ms. Naomi Ushio was nominated for Outside Statutory Auditor because her professional knowledge and insight as a university professor are currently contributing to the oversight of the overall management of the Company. Although Ms. Ushio has not been directly involved in company management in ways other than being an outside auditor, the Company judges that she will be able to appropriately perform duties as an Outside Statutory Auditor for the above reasons.
4. Candidate Ms. Naomi Ushio is currently serving as Outside Statutory Auditor of the Company, and her period of service as Outside Statutory Auditor will be four years at the conclusion of the Meeting.
5. On the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, she is currently under 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 her election to Outside Statutory Auditor is approved as originally proposed, her current contract will continue to remain in force.
6. Candidate Ms. Naomi Ushio has been registered as an Independent Officer, as provided in the Tokyo Stock Exchange Regulations, with the Tokyo Stock Exchange. If her election to Outside Statutory Auditor is approved as originally proposed, she will continue to be registered as an Independent Officer.

Attached documents

## Business Report for the 14<sup>th</sup> Fiscal Period (from April 1, 2014, to March 31, 2015)

### **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 21,000 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 continued to stay on a moderate recovery path despite slightly sluggish improvement in consumer spending. The financial environment remained relaxed. Corporations’ fund procurement costs remained low and financial institutions’ lending stance continued to improve, resulting in a favorable fund procurement environment. Demand for funds is increasing moderately centering on operational costs and costs related to corporate acquisitions.

##### **Business developments and outcomes for the fiscal year under review**

###### **(1) ATM services**

During fiscal 2014, Seven Bank added more ATMs within and outside the Group to enhance the convenience for customers when they use our ATMs.

Also during fiscal 2014, we established new partnerships with MINAMI NIPPON BANK, LTD. (April 2014), The Bank of Okinawa, Ltd. (November 2014), and The Tajima Bank, Ltd. (March 2015), as well as one *shinkin* bank and three other financial institutions. As a result, we now partner with 122 banks<sup>1</sup>, 262 *shinkin* banks<sup>2</sup>, 130 credit cooperatives<sup>3</sup>, 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, 11 securities companies, 8 life insurance companies and 45 other financial institutions<sup>4</sup>. Thus, we had 594 business partners<sup>5</sup> as of March 31, 2015.

Within the Group, we have installed ATMs in areas with new Seven-Eleven store openings and steadily increased the number of ATMs installed. 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 aggressively promoted the installation of ATMs inside airports and railroad stations, resulting in 39 ATMs in airports (as of March 31, 2015) and 154 at railroad stations (as of March 31, 2015). In addition, since September 2014, we have been conducting commissioned operation and management of ATMs at some branches of Shinsei Bank, Limited. As of March 31, 2015, 67 ATMs were in place that we service at 31 Shinsei Bank branches. Furthermore, we developed ATMs in commercial facilities with high

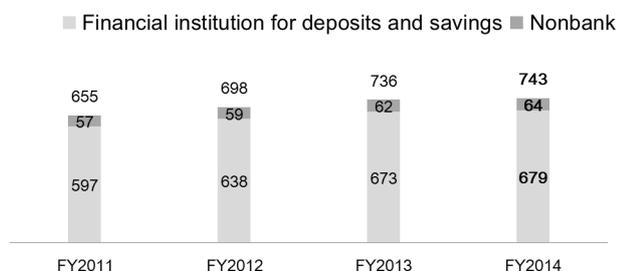
usage rates. During the fiscal year under review, we installed 381 ATMs (a net increase of 349 ATMs), which is a record high ATM installation outside the Group.

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 80% of all our ATMs. (The number of third-generation ATMs in place as of March 31, 2015, was 17,603.)

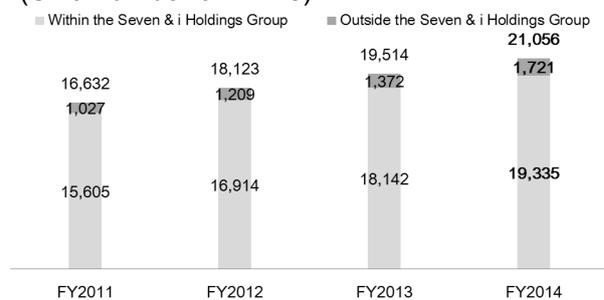
As a result of such initiatives, the number of our ATMs installed reached 21,056 (up 7.9% compared with the end of March 2014). The average daily transactions per ATM were 100.9 (down 6.4% year over year), and a total of 743 million transactions were recorded (up 1.0% year over year).

- Notes:
1. Compared with the 119 banks with which we had partnerships at the end of March 2014, three banks were newly added as partners resulting in 122 bank partnerships at the end of March 2015.
  2. Compared with 261 *shinkin* banks with which we had partnerships at the end of March 2014, one *shinkin* bank was newly added as a partner, resulting in 262 partnerships at the end of March 2015.
  3. Compared with 131 credit cooperatives with which we had partnerships at the end of March 2014, one credit cooperative ceased to be a partner due to a merger, resulting in 130 partnerships at the end of March 2015.
  4. Compared with 43 other financial institutions with which we had partnerships at the end of March 2014, three financial institutions were newly added as partners and one ceased to be a partner due to a merger, resulting in 45 partnerships at the end of March 2015.
  5. JA Bank and JF Marine Bank are each counted as one institution.

**Change in Number of ATM Transactions**  
(Unit: millions of transactions)



**Change in Number of ATMs**  
(Unit: number of ATMs)



(2) Financial services business

The Company had 1,405 thousand individual customer accounts at the end of March 2015 (up 15.7% compared with the end of March 2014), a balance of deposits of 371,000 million yen (up 18.8% year over year) and a balance of personal loan services of 10,400 million yen (up 97.9% 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 2014 was 633 thousand (up 61.5% year over year). Moreover, as a new operational base for our international money transfer services, in January 2015 we set up the Fukuoka Outlet in Fukuoka Prefecture. In March 2015, we started international money transfer services to transfer money to banks in China and Philippines to enhance the convenience for customers.

Bank Business Factory Co., Ltd., the Company's subsidiary established in July 2014, is conducting clerical work for the Company and developing businesses to conduct commissioned clerical operations for other financial institutions.

(3) Overseas subsidiaries

As of December 31, 2014, the number of ATMs owned by Financial Consulting & Trading International, Inc. ("FCTI"), a subsidiary of the Company, became 6,329. With regard to FCTI's business results for the consolidated fiscal year (from January 2014 to December 2014), ordinary income was 79.6 million U.S. dollars, ordinary profit was 1.7 million U.S. dollars and net income was 1.0 million U.S. dollars.

PT. ABADI TAMBAH MULIA INTERNASIONAL, the Company's subsidiary established jointly with a local company in Indonesia in June 2014, has started operation, aiming to install ATMs.

(4) Operating results

Results of our operation in fiscal 2014 achieved ordinary income of 105,648 million yen (up 5.8% year over year), ordinary profit of 38,258 million yen (up 3.0% year over year) and net income of 24,457 million yen (up 9.5% year over year).

Both revenues and profits increased mainly due to a rise in the unit prices of ATM-related fees, in addition to the increase in the number of our ATMs installed and the growth in the total number of ATM transactions.

Consolidated ordinary income was 114,036 million yen (up 8.0% year over year), consolidated ordinary profit was 37,038 million yen (up 3.4% year over year), and consolidated net income was 23,220 million yen (up 9.3% year over year).

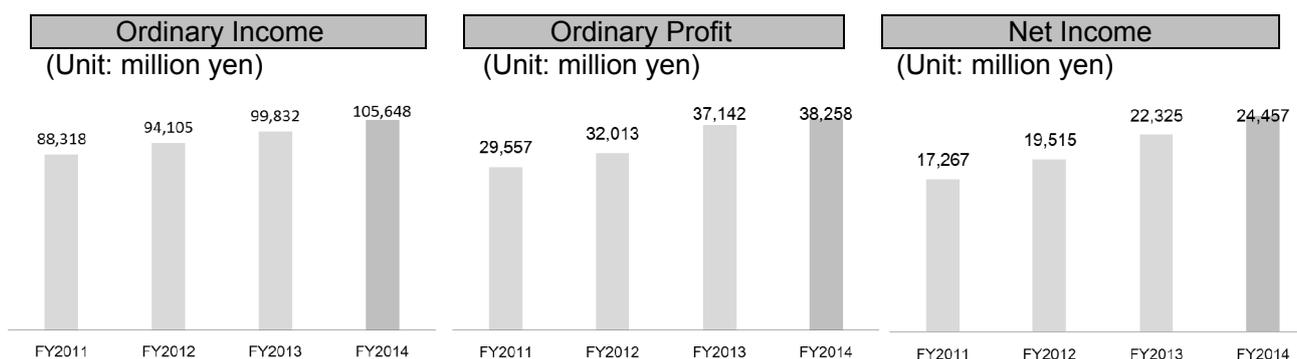
(5) Assets, liabilities and net assets

Total assets at the end of March 2015 were 850,369 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 599,620 million yen.

The remainder mostly consisted of marketable securities of 84,002 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 81,617 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 683,554 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 501,525 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 190,465 million yen and the balance of individuals' time deposits was 180,605 million yen.

Net assets were 166,814 million yen. Of these, retained earnings were 104,976 million yen.



### Issues the Company needs to cope with

In fiscal 2015, 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 recognize as a crucial issue the need to create a broad-based earnings structure through initiatives to

- 1) Further strengthen our ATM business;
- 2) Nurture our financial services; and
- 3) Take initiatives to establish international and new businesses.

Specific projects and programs for the above are as follows:

#### 1) Further strengthen our ATM business

In the ATM business, in addition to continuing our approach to non-partner financial institutions, we will offer new services to partner financial institutions to maximize the usage of our ATM networks. In expanding our ATM installations, we will take proactive initiatives for operations outside the Group while continuing to steadily install ATMs within the Group. Also, in line with the Japanese government's strategy to attract tourists to Japan, we will thoroughly reinforce the notification function to raise recognition of our related services to address the needs of inbound tourism and pursue synergies with Group companies and organizations at which our ATMs are installed, thereby improving the ATM usage rate. 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) Nurture our financial services

To nurture our financial services, we will improve the convenience of our bank accounts and, in line with the Group's Omni-Channel strategy, we will strive to offer products and services to address the needs of financing and financial settlement services.

For our international money transfer services, we will strive to enhance convenience for customers and offer services that fully utilize the Company's strengths to expand our user base. In personal loan services, we aim to increase the number of contract accounts by raising awareness of the services. Furthermore, we will strive to reinforce sales proceeds deposit services utilizing ATMs.

Bank Business Factory Co., Ltd., the Company's subsidiary established in fiscal 2014, will expand businesses to conduct commissioned clerical operations for other financial institutions, while conducting clerical work for the Company.

#### 3) Take initiatives to establish international and new businesses

In international businesses, our U.S. subsidiary will endeavor to share know-how and expertise with the Company and we will supplement each other to create synergies. To this end, the subsidiary will nurture human resources who can make that happen. Moreover, in Indonesia, where the Company established a subsidiary jointly with a local company in fiscal 2014, we will endeavor to develop businesses to absorb Asia's growth power leveraging the new subsidiary as a bridgehead. 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, nurturing its financial services 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)

	FY2011	FY2012	FY2013	FY2014
Deposits	3,315	3,943	4,375	5,015
Time deposits	1,349	1,549	2,097	2,483
Others	1,966	2,394	2,278	2,531
Bonds	540	1,390	1,150	1,100
Loans receivable	19	33	52	104
To individuals	19	33	52	104
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	988	836	1,103	840
Government bonds	966	706	810	305
Others	21	129	293	534
Total assets	6,529	8,094	7,853	8,503
Amount of domestic exchange handled	267,094	277,536	293,264	311,432
Amount of foreign exchange handled	Millions of U.S. dollars 15	Millions of U.S. dollars 85	Millions of U.S. dollars 155	Millions of U.S. dollars 240
Ordinary profit	Millions of yen 29,557	Millions of yen 32,013	Millions of yen 37,142	Millions of yen 38,258
Net income for the term	Millions of yen 17,267	Millions of yen 19,515	Millions of yen 22,325	Millions of yen 24,457
Net income per share for the term	Yen 14.49	Yen 16.38	Yen 18.74	Yen 20.53

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

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

(Unit: 100 millions of yen)

	FY2011	FY2012	FY2013	FY2014
Consolidated ordinary income	—	949	1,055	1,140
Consolidated ordinary profit	—	318	357	370
Consolidated net income	—	193	212	232
Consolidated comprehensive income	—	204	237	255
Consolidated net assets	—	1,380	1,534	1,698
Consolidated total assets	—	8,125	7,903	8,564

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	327
Average age	42 years, 6 months	42 years, 6 months
Average years of service	6 years, 7 months	6 years, 2 months
Average monthly salary	448 thousand yen	433 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)	1	(1)
Fukuoka Prefecture	1	(1)	—	(—)
Total	25	(7)	24	(6)

- Notes: 1. Outlets and branch stores include the headquarters, 17 virtual branch stores (12 for individuals, 5 for corporations), all of which are located at the headquarters and 7 manned outlets.  
 2. In addition to the above, non-store ATMs were installed in 19,355 locations as of the end of FY 2014 (up from 17,866 as of the end of FY 2013).

##### B. New outlets and branch stores for FY 2014

Name of outlet or branch store	Location
Fukuoka Outlet of the headquarters	1-1, Hakata Ekimae 2-chome, Hakata-ku, Fukuoka-shi, Fukuoka Prefecture

Note: There were 1,985 new non-store ATMs installed, while 496 non-store ATMs were closed in FY2014.

##### 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 Seven Bank

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	19,037
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- 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	10,698
Software	7,122

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, 2015)

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	—
PT. ABADI TAMBAH MULIA INTERNASIONAL	Jakarta Special Capital Region, Indonesia	ATM operation	June 10, 2014	100 millions of Indonesian rupiah 100	70	—
Bank Business Factory Co., Ltd.	Yokohama, Kanagawa Prefecture, Japan	Commissioned clerical work	July 1, 2014	millions of yen 30	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
Meiji Yasuda Life Insurance Company	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		—
Kensuke Futagoishi	President and Representative Director [Business in Charge] Internal Audit Division		—
Yasuaki Funatake	Director, Senior Managing Executive Officer [Business in Charge] Planning Division and Business Support Division		—
Kazuhiko Ishiguro	Director, Managing Executive Officer [Business in Charge] System Division, ATM Solution Division, Business Development and Retail Marketing Division		—
Taku Oizumi	Director, Managing Executive Officer [Business in Charge] Research Division, Treasury Division, , ATM Administration Division and International Business Division	Director, Seven Financial Service Co., Ltd.	—
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)	Vice Chairman of the Institute, 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)		—
Isamu Hirai	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)	—

Note:

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	11	385 (inclusive of 71 million yen in non-remuneration payments)
Statutory Auditor	5	69
Total	16	455 (inclusive of 71 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 71 million yen of subscription rights to shares as "non-remuneration payments" which were granted to six Directors as stock options by resolution of the Board of Directors on July 4, 2014.  
3. There are no officers' bonuses or retirement benefits for Directors and Statutory Auditors.  
4. 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.  
5. 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	Vice Chairman of the Institute, 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 2014	Verbal input and other contributions at meetings of the Board of Directors, etc.
Yoji Ohashi	June 2008 to present	Attended 11 of 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Yuko Miyazaki	June 2012 to present	Attended 12 of 13 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 13 meetings of the Board of Directors	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 11 of 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as an expert and university professor in the field of corporate management and financial conditions
Akihiko Shimizu	Same as above	Attended all 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as Director of Seven & i Holdings Co., Ltd.
Tetsuya Katada	June 2010 to present	Attended all 13 meetings of the Board of Directors Attended 13 of 14 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 13 meetings of the Board of Directors Attended 12 of 14 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 11 of 13 meetings of the Board of Directors Attended 12 of 14 meetings of the Board of Statutory Auditors	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.	8	70	22

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

<b>1. Number of shares</b>	Total number of shares available for issuance	Common stock	4,763,632 thousand shares
	Total number of shares issued	Common stock	1,191,001 thousand shares

**2. Number of Shareholders as at the end of fiscal 2014** 56,632

#### 3. Major shareholders

Shareholder name	Shareholding in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	(thousand shares) 453,639	38.08
State Street Bank and Trust Company (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	65,798	5.52
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)	36,969	3.10
Japan Trustee Services Bank, Ltd. (trust account)	25,997	2.18
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
NORTHERN TRUST CO. AVFC RE FIDELITY FUNDS (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	13,509	1.13
HSBC Bank Plc, State of Kuwait Investment Authority, Kuwait Investment Office (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	10,330	0.86

- 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 August 22, 2014, submitted by FMR LLC to the Director-General of the Kanto Finance Bureau, states that the firm holds 85,128,400 shares (holding ratio: 7.15%) as of August 15, 2014. However, because the Company was unable to verify the actual number of shares held by the firm as of the end of fiscal 2014, 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 subscription rights to shares, etc.**

**1. The Company's subscription rights to shares, etc., owned by Company officers as of the end of the fiscal year**

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., First Round-(1) Subscription rights to shares Issuance decided : June 18, 2008 Number of subscription rights to shares : 157 Number and type of shares to be acquired for : 157,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 13, 2008, to August 12, 2038	4
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Second Round-(1) Subscription rights to shares Issuance decided : July 10, 2009 Number of subscription rights to shares : 171 Number and type of shares to be acquired for : 171,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 4, 2009, to August 3, 2039	4
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Second Round(2) Subscription rights to shares Issuance decided : July 10, 2009 Number of subscription rights to shares : 9 Number and type of shares to be acquired for : 9,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 4, 2009, to August 3, 2039	1
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Third Round-(1) Subscription rights to shares Issuance decided : July 9, 2010 Number of subscription rights to shares : 423 Number and type of shares to be acquired for : 423,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 10, 2010, to August 9, 2040)	5
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fourth Round-(1) Subscription rights to shares Issuance decided : July 1, 2011 Number of subscription rights to shares : 440 Number and type of shares to be acquired for : 440,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 9, 2011, to August 8, 2041 shares	5
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fourth Round-(2) Subscription rights to shares Issuance decided : July 1, 2011 Number of subscription rights to shares : 16 Number and type of shares to be acquired for : 16,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 9, 2011, to August 8, 2041 shares	1
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fifth Round-(1) Subscription rights to shares Issuance decided : July 6, 2012 Number of subscription rights to shares : 363 Number and type of shares to be acquired for : 363,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 7, 2012, to August 6, 2042	6
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Sixth Round-(1) Subscription rights to shares Issuance decided : July 5, 2013 Number of subscription rights to shares : 216 Number and type of shares to be acquired for : 216,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 6, 2013, to August 5, 2043	6
Outside Directors	—	—
Statutory Auditors	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Seventh Round-(1) Subscription rights to shares Issuance decided : July 4, 2014 Number of subscription rights to shares : 193 Number and type of shares to be acquired for : 193,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 5, 2014, to August 4, 2014	6
Outside Directors	—	—
Statutory Auditors	—	—

Notes: 1. The details of Seven Bank, Ltd. First Round – (1) Subscription rights to shares 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) Subscription rights to shares to Fourth Round – (2) Subscription rights to shares, the number of shares to be acquired per subscription rights to share 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 subscription rights to shares, etc., granted to employees, etc., during the fiscal year

	Outline of the subscription rights to shares, etc.	Number of persons who were allotted subscription rights to shares, etc.
Executive Officers	Name : Seven Bank, Ltd., Seventh Round-(2) Subscription rights to shares Issuance decided : July 4, 2014 Number of subscription rights to shares : 44 Number and type of shares to be acquired for : 44,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 5, 2014, to August 4, 2044 shares	8
Employees	—	—
Company officers and employees of the Company's subsidiaries, subsidiary corporations or entities	—	—

## 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	53	The Company pays accounting auditors consideration for preparation of comfort letters relating to the issuance of corporate bonds, which is outside the scope of work stipulated under Article 2, Paragraph 1, of the CPA Law.

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: 55 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 Statutory Auditors may, in consideration of the work conducted by the Accounting Auditors and the Company's auditing structure, etc., 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 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 to ensure compliance in the execution of employees' duties, determination of policy, execution of such policies, verification of their implementation status and assessment of the policies.
- 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 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 14th Term (as of March 31, 2015)

(Unit: million yen)

Category	Amount	Category	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and due from banks</b>	<b>599,620</b>	<b>Deposits</b>	<b>501,525</b>
Cash	521,353	Ordinary deposits	253,040
Due from banks	78,267	Time deposits	248,327
<b>Call loans</b>	<b>13,000</b>	Other deposits	157
<b>Securities</b>	<b>84,002</b>	<b>Negotiable certificates of deposits</b>	<b>760</b>
Government bonds	30,508	<b>Borrowed money</b>	<b>16,000</b>
Bonds	39,501	Borrowings	16,000
Stocks	924	<b>Bonds</b>	<b>110,000</b>
Other securities	13,068	<b>Other liabilities</b>	<b>54,899</b>
<b>Loans receivable</b>	<b>10,406</b>	Income taxes payable	7,196
Current overdrafts	10,406	Accrued expenses	5,228
<b>Other assets</b>	<b>91,688</b>	ATM-related temporary advances	37,857
Prepaid expenses	453	Asset retirement obligations	346
Accrued income	8,514	Other	4,269
ATM-related temporary payments	81,617	<b>Provision for bonuses</b>	<b>370</b>
Other	1,103	<b>Total liabilities</b>	<b>683,554</b>
<b>Tangible fixed assets</b>	<b>30,506</b>	<b>(Net assets)</b>	
Buildings	1,670	<b>Capital stock</b>	<b>30,514</b>
ATMs	25,118	<b>Capital surplus</b>	<b>30,514</b>
Other (tangible fixed assets)	3,718	Legal capital surplus	30,514
<b>Intangible fixed assets</b>	<b>20,191</b>	<b>Retained earnings</b>	<b>104,976</b>
Software	18,203	Legal retained earnings	0
Software-related temporary accounts	1,982	Other retained earnings	104,976
Other (intangible fixed assets)	5	Retained earnings brought forward	104,976
<b>Prepaid pension cost</b>	<b>41</b>	<b>Treasury stock</b>	<b>(0)</b>
<b>Deferred tax assets</b>	<b>958</b>	<b>Total shareholders' equity</b>	<b>166,004</b>
<b>Allowance for loan losses</b>	<b>(46)</b>	<b>Valuation difference on available-for-sale securities</b>	<b>360</b>
		<b>Total valuation and translation adjustments</b>	<b>360</b>
		<b>Subscription rights to shares</b>	<b>449</b>
		<b>Total net assets</b>	<b>166,814</b>
<b>Total assets</b>	<b>850,369</b>	<b>Total liabilities and net assets</b>	<b>850,369</b>

**Statement of Income**  
for the 14th Term (from April 1, 2014, to March 31, 2015)

(Unit: million yen)

Category	Amount	
<b>Ordinary income</b>		<b>105,648</b>
<b>Interest income</b>	<b>1,370</b>	
Interest on loans receivable	1,157	
Interest and dividends on securities	150	
Interest on call loans	37	
Interest on deposits with banks	25	
<b>Fees and commissions income</b>	<b>104,015</b>	
Remittance-related fee income	1,664	
ATM-related fee income	98,954	
Other fees and commissions income	3,396	
<b>Other ordinary income</b>	<b>161</b>	
Gains on foreign exchange transactions	161	
<b>Other income</b>	<b>101</b>	
Reversal of allowance for loan losses	9	
Gain on sales of stocks and other securities	19	
Other	72	
<b>Ordinary expenses</b>		<b>67,389</b>
<b>Interest expenses</b>	<b>1,254</b>	
Interest on deposits with banks	545	
Interest on negotiable certificates of deposits	13	
Interest on call money	14	
Interest on borrowings and rediscounts	141	
Interest on bonds	539	
<b>Fees and commissions expenses</b>	<b>14,131</b>	
Remittance-related fee expense	942	
ATM placement fee expenses	11,974	
ATM-related fee expenses	656	
Other fees and commissions expenses	558	
<b>Other</b>	<b>53</b>	
Amortization of bond issuance cost	53	
<b>General and administrative expenses</b>	<b>51,857</b>	
<b>Other ordinary expenses</b>	<b>93</b>	
Other ordinary expenses	93	
<b>Ordinary profit</b>		<b>38,258</b>
<b>Extraordinary losses</b>		<b>172</b>
Losses on disposal of noncurrent assets	172	
<b>Income before income taxes</b>		<b>38,086</b>
<b>Income taxes - current</b>	<b>13,532</b>	
<b>Income taxes - deferred</b>	<b>95</b>	
<b>Total income taxes</b>		<b>13,628</b>
<b>Net income</b>		<b>24,457</b>

**Statement of Changes in Net Assets**  
for the 14th Term (from April 1, 2014, to March 31, 2015)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2014	30,509	30,509	30,509	0	89,749	89,749	(0)	150,767
Changes in items during the period								
Issuance of new shares	4	4	4	—	—	—	—	9
Dividends from surplus	—	—	—	—	(9,230)	(9,230)	—	(9,230)
Net income	—	—	—	—	24,457	24,457	—	24,457
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the period	4	4	4	—	15,227	15,227	—	15,236
Balance as of March 31, 2015	30,514	30,514	30,514	0	104,976	104,976	(0)	166,004

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2014	3	3	371	151,142
Changes in items during the period				
Issuance of new shares	—	—	—	9
Dividends from surplus	—	—	—	(9,230)
Net income	—	—	—	24,457
Net change in items other than shareholders' equity	357	357	78	435
Total change in items during the period	357	357	78	15,672
Balance as of March 31, 2015	360	360	449	166,814

## 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

##### (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. Disposition method of deferred charges

Bond issuance cost is fully charged to expenses when incurred.

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

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

#### 5. Provisioning standards

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

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

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

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

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

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

##### (2) Reserve for bonuses

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

(3) Employees' severance and retirement benefits

Reserve for employees' severance and retirement benefits is provided for possible payment of employees' retirement benefits at the amount to be accrued at the balance sheet date, and is calculated based on projected benefit obligations and the related plan assets as of the fiscal year-end. In calculating the projected benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year under review.

Prior service cost and net actuarial difference are amortized as follows:

Prior service cost:	Amortized using the straight-line method over 10 years within the employees' average remaining service period at the time of occurrence.
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Net actuarial difference:	Amortized using the straight-line method over 10 years within the employees' average remaining service period at the time of occurrence, commencing from the next fiscal year of occurrence.
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For the fiscal year under review, as the projected plan assets exceeded the amount at which the projected benefit obligations were adjusted for the unrecognized prior service cost and the unrecognized actuarial differences, the excess was recorded as prepaid pension cost in the balance sheet.

## 6. Method of accounting for hedge transactions

### Interest rate risk hedges

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

## 7. Consumption taxes

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

## Change in accounting policy

(Application of the “Accounting Standard for Retirement Benefits,” etc.)

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 March 26, 2015; hereinafter the “Guidance”) have been applied, effective from the fiscal year ended March 31, 2015, with regard to the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance. Consequently, the Company reviewed the calculation method of projected retirement benefit obligations and service cost and has changed the method of allocating the projected retirement benefits to periods from the previous point system to the benefit formula basis. The Company also has changed the decision procedure of the discount rate from the previous method, according to which the discount rate is determined based on the number of service years similar to those within the employees’ average remaining service period, to a single, weighted average discount rate, in which the projected payment period for retirement benefits and the amount for each projected payment period are reflected.

This change in accounting policy had no impact on retained earnings at the beginning of the fiscal year under review, as well as on ordinary profit and income before income taxes for the fiscal year under review.

## Important notes

(Balance sheet)

1. Total amount of stocks (and capital stock) of subsidiaries and affiliates: 12,148 million yen
2. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 34 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, Item 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, Item 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 35 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 67,510 million yen in available-for-sale securities have been provided. Also, 811 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 5,024 million yen. This includes the unused balance of funds in the amount of 5,024 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 35,935 million yen
9. Total monetary claims on affiliated companies 81 million yen
10. Total monetary liabilities payable to affiliated companies 25,926 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, Paragraph 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.		836 million yen
Total income from other transactions		37 million yen
Costs deriving from transactions with affiliated companies		
Total costs deriving from fund raising transactions		7 million yen
Total costs deriving from fee transactions, etc.		11,114 million yen
Total costs deriving from other transactions		525 million yen

(Statement of changes in net assets)

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

(Unit: thousand shares)

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

(Securities)

1. Securities held for trading purposes (as of March 31, 2015)

Not applicable

2. Bonds held to maturity (as of March 31, 2015)

Not applicable

3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2015)

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	12,148
Total	12,148

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, 2015)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	720	338	382
	Bonds	59,010	59,000	10
	Government bonds	30,508	30,500	7
	Corporate bonds	28,502	28,499	2
	Subtotal	59,731	59,338	393
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds	10,998	11,000	(2)
	Corporate bonds	10,998	11,000	(2)
	Subtotal	10,998	11,000	(2)
Total		70,730	70,339	391

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

Classification	Balance sheet amount (million yen)
Unlisted stocks	144
Investment in capital of partnership	979
Total	1,123

The above securities 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, 2014, to March 31, 2015)

Not applicable

6. Other securities sold during the fiscal year (from April 1, 2014, to March 31, 2015)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	1,833	19	—
Total	1,833	19	—

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

Deferred tax assets:	(million yen)
Unpaid corporate tax	519
Excess depreciation charge	168
Stock options-related expenses	146
Provision for bonuses	122
Asset retirement obligations	112
Accrued expenses (previously Provision for directors' retirement benefits)	65
Excess bad debt reserve	15
Other	37
Total deferred tax assets	1,188
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(172)
Adjustment to tangible fixed assets related to asset retirement obligations	(44)
Prepaid pension cost	(13)
Total deferred tax liabilities	(230)
Net deferred tax assets	958

2. Following the promulgation on March 31, 2015, of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9, 2015) and the "Act to Amend the Local Taxation Act, etc." (Act No. 2, 2015), the corporate income tax has been reduced effective from the fiscal year that begins on or after April 1, 2015. In accordance with this measure, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, will be reduced to 33.10% from the previous 35.64% for temporary differences that are expected to be eliminated during the fiscal year commencing on April 1, 2015, and to 32.34% for temporary differences that are expected to be eliminated during the fiscal year commencing on April 1, 2016, and subsequent years. The impact of this change in the effective statutory tax rate was a decrease of 77 million yen in deferred tax assets, an increase of 17 million yen in valuation difference on available-for-sale securities and an increase of 94 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 Co., Ltd.	Chiyoda-ku, Tokyo	17,200	Convenience store operation	Directly held 38.08%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	11,114	Accrued expenses (Note 2)	1,029

- 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	Transactions	Transaction amount (million yen)	Item	Amounts outstanding at term end (million yen)
Companies with the same parent company, etc.	Seven & i Financial Center Co., Ltd.	Chiyoda-ku, Tokyo	10	Finance-related operation	—	Capital transactions	Handling of negotiable certificates of deposits (Note 2)	13,232	Negotiable certificates of deposits	—
							Interest on negotiable certificates of deposits (Note 1)	12	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	139.68 yen
Net income per share	20.53 yen
Diluted net income per share	20.49 yen

(Significant subsequent events)

None

**Consolidated Balance Sheet**  
at the End of the 14th Term (as of March 31, 2015)

(Unit: million yen)

Category	Amount	Category	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and due from banks</b>	<b>600,859</b>	<b>Deposits</b>	<b>501,413</b>
<b>Call loans</b>	<b>13,000</b>	<b>Negotiable certificates of deposits</b>	<b>760</b>
<b>Securities</b>	<b>71,853</b>	<b>Borrowed money</b>	<b>16,000</b>
<b>Loans receivable</b>	<b>10,406</b>	<b>Bonds</b>	<b>110,000</b>
<b>ATM-related temporary payments</b>	<b>81,617</b>	<b>ATM-related temporary advances</b>	<b>37,857</b>
<b>Other assets</b>	<b>10,411</b>	<b>Other liabilities</b>	<b>17,890</b>
<b>Tangible fixed assets</b>	<b>31,673</b>	<b>Provision for bonuses</b>	<b>449</b>
Buildings	1,671	<b>Net defined benefit liability</b>	<b>0</b>
ATMs	26,090	<b>Deferred tax liabilities</b>	<b>2,154</b>
Other (tangible fixed assets)	3,911	<b>Total liabilities</b>	<b>686,525</b>
<b>Intangible fixed assets</b>	<b>35,625</b>	<b>(Net assets)</b>	
Software	18,579	<b>Capital stock</b>	<b>30,514</b>
Other (intangible fixed assets)	17,046	<b>Capital surplus</b>	<b>30,514</b>
<b>Net defined benefit asset</b>	<b>60</b>	<b>Retained earnings</b>	<b>102,511</b>
<b>Deferred tax assets</b>	<b>951</b>	<b>Treasury stock</b>	<b>(0)</b>
<b>Allowance for loan losses</b>	<b>(46)</b>	<b>Total shareholders' equity</b>	<b>163,539</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>360</b>
		<b>Foreign currency translation adjustment</b>	<b>5,500</b>
		<b>Remeasurements of defined benefit plans</b>	<b>13</b>
		<b>Total accumulated other comprehensive income</b>	<b>5,874</b>
		<b>Subscription rights to shares</b>	<b>449</b>
		<b>Minority interests</b>	<b>26</b>
		<b>Total net assets</b>	<b>169,890</b>
<b>Total assets</b>	<b>856,415</b>	<b>Total liabilities and net assets</b>	<b>856,415</b>

**Consolidated Statement of Income**  
for the 14th Term (from April 1, 2014, to March 31, 2015)

(Unit: million yen)

Category	Amount	
<b>Ordinary income</b>		114,036
<b>Interest income</b>	<b>1,372</b>	
Interest on loans receivable	1,157	
Interest and dividends on securities	150	
Interest on call loans	37	
Interest on deposits with banks	27	
<b>Fees and commissions income</b>	<b>112,274</b>	
Remittance-related fee income	1,664	
ATM-related fee income	107,213	
Other fees and commissions income	3,396	
<b>Other ordinary income</b>	<b>161</b>	
<b>Other income</b>	<b>227</b>	
Reversal of allowance for loan losses	9	
Other	217	
<b>Ordinary expenses</b>		<b>76,997</b>
<b>Interest expenses</b>	<b>1,254</b>	
Interest on deposits with banks	545	
Interest on negotiable certificates of deposits	13	
Interest on call money	14	
Interest on borrowings and rediscounts	141	
Interest on bonds	539	
<b>Fees and commissions expenses</b>	<b>19,174</b>	
Remittance-related fee expense	942	
ATM placement fee expenses	16,311	
ATM-related fee expenses	1,178	
Other fees and commissions expenses	742	
<b>Other</b>	<b>53</b>	
<b>General and administrative expenses</b>	<b>56,419</b>	
<b>Other ordinary expenses</b>	<b>95</b>	
Other ordinary expenses	95	
<b>Ordinary profit</b>		<b>37,038</b>
<b>Extraordinary losses</b>		<b>195</b>
Losses on disposal of noncurrent assets	195	
<b>Income before income taxes and minority interests</b>		<b>36,842</b>
<b>Income taxes - current</b>	<b>13,544</b>	
<b>Income taxes - deferred</b>	<b>79</b>	
<b>Total income taxes</b>		<b>13,624</b>
<b>Income before minority interests</b>		<b>23,218</b>
<b>Minority interests in loss</b>		<b>(2)</b>
<b>Net income</b>		<b>23,220</b>

**Consolidated Statement of Changes in Net Assets**  
for the 14th Term (from April 1, 2014, to March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	30,509	30,509	88,520	(0)	149,539
Change in items during the period					
Issuance of new shares	4	4	—	—	9
Dividends from surplus	—	—	(9,230)	—	(9,230)
Net income	—	—	23,220	—	23,220
Net change in items other than shareholders' equity	—	—	—	—	—
Total change in items during the period	4	4	13,990	—	14,000
Balance as of March 31, 2015	30,514	30,514	102,511	(0)	163,539

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	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, 2014	3	3,613	(119)	3,497	371	—	153,408
Change in items during the period							
Issuance of new shares	—	—	—	—	—	—	9
Dividends from surplus	—	—	—	—	—	—	(9,230)
Net income	—	—	—	—	—	—	23,220
Net change in items other than shareholders' equity	357	1,887	132	2,376	78	26	2,481
Total change in items during the period	357	1,887	132	2,376	78	26	16,481
Balance as of March 31, 2015	360	5,500	13	5,874	449	26	169,890

## 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: 3  
Name of the subsidiary firm (corporation): Financial Consulting & Trading International, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL and Bank Business Factory Co., Ltd.  
PT. ABADI TAMBAH MULIA INTERNASIONAL and Bank Business Factory Co., Ltd., have been consolidated due to their incorporation, effective from the consolidated fiscal year under review.
- (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: 2 companies  
March 31: 1 company
- (2) In preparing the consolidated financial statements, the financial statements as of their respective balance sheet dates are used with regard to the consolidated subsidiary firms and subsidiary corporations. The financial statements of said companies are provided with necessary adjustments for consolidation purposes with regard to material transactions between the closing date (December 31) above 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.
  - 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 loan 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) Provision for bonuses

The reserve for bonuses is provided 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 benefit formula basis 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 difference are amortized as follows:

Prior service cost:	Amortized using the straight-line method over 10 years within the employees' average remaining service period at the time of occurrence.
Net actuarial difference:	Amortized using the straight-line method over 10 years within the employees' average remaining service period at the time of occurrence commencing from the next consolidated fiscal year of occurrence.

(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, as well as at the domestic consolidated subsidiary firms and subsidiary corporations, national and local consumption taxes are accounted for using the tax-excluded method.

## Change in accounting policy

(Application of the "Accounting Standard for Retirement Benefits," etc.)

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 March 26, 2015; hereinafter the "Guidance") have been applied, effective from the consolidated fiscal year ended March 31, 2015, with regard to the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance. Consequently, the Company reviewed the calculation method of projected retirement benefit obligations and service cost and has changed the method of allocating the projected retirement benefits to periods from the previous point system to the benefit formula basis. The Company also has changed the decision procedure of the discount rate from the previous method, according to which the discount rate is determined based on the number of service years similar to those within the employees' average remaining service period, to a single, weighted average discount rate, in which the projected payment period for retirement benefits and the amount for each projected payment period are reflected.

This change in accounting policy had no impact on retained earnings at the beginning of the consolidated fiscal year under review, as well as on ordinary profit and income before income taxes and minority interest for the consolidated fiscal year under review.

## Unapplied accounting standards, etc.

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 (i) accounting treatment for changes in the parent's ownership interests in a subsidiary when the parent continues to retain control of that subsidiary such as the additional acquisition of the subsidiary's shares, (ii) accounting treatment for acquisition-related costs, (iii) provisional accounting treatment, and (iv) presentation of net income as well as the change of minority interests to non-controlling interests.

### (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. are currently under review.

## Change in presentation method

(Consolidated balance sheet)

"Goodwill," which was separately presented under "Intangible fixed assets" for the previous consolidated fiscal year, has been included in "Other (intangible fixed assets)" effective from this consolidated fiscal year due to reduced monetary importance. The "Goodwill" for the previous consolidated fiscal year was 8,141 million yen.

"Income taxes payable," which was separately presented for the previous consolidated fiscal year, has been included in "Other liabilities" effective from this consolidated fiscal year due to reduced monetary importance. The "Income taxes payable" for the previous consolidated fiscal year was 8,481 million yen.

## Important notes

(Consolidated balance sheet)

1. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 34 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 Article 96 Paragraph 1, Item 3 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) or the situation referred to in Paragraph 1, Item 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 35 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 67,510 million yen in available-for-sale securities have been provided. Also, 873 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 5,024 million yen. This includes the unused balance of funds in the amount of 5,024 million yen under agreements in which the original term is one year or less.

7. Accumulated depreciation for tangible fixed assets 36,983 million yen

(Consolidated statement of changes in net assets)

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	52	—	1,191,001	(Note)
Total	1,190,949	52	—	1,191,001	
Treasury stock					
Common stock	0	—	—	0	
Total	0	—	—	0	

Note: 52 thousand shares of common stock under “Increase during this consolidated fiscal year” derived from the exercise of subscription rights to shares.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Details of subscription rights to shares	Type of shares acquired upon exercise of subscription rights to shares	Number of shares acquired upon exercise of subscription rights to shares (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		
	Subscription rights to shares as stock options			—			449	
	Total			—			449	

Note: There are no treasury subscription rights to shares.

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	Dividend per share	Record date	Effective date
At the Board of Directors' meeting held on May 23, 2014	Common stock	4,763 million yen	4.00 yen	March 31, 2014	June 2, 2014
At the Board of Directors' meeting held on November 7, 2014	Common stock	4,466 million yen	3.75 yen	September 30, 2014	December 1, 2014

(2) Dividends with record dates within this consolidated fiscal year, and effective dates after March 31, 2015, 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 22, 2015	Common stock	5,061 million yen	Retained earnings	4.25 yen	March 31, 2015	June 1, 2015

(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 small loan business, etc. 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 mainly 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 foreign exchange 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, 2015, was a total of 956 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 (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, 2015, 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*	600,858	600,858	—
(2) Call loans*	12,960	12,960	—
(3) Securities			
Other securities	70,730	70,730	—
(4) Loans receivable	10,406		
Allowance for loan losses*	(0)		
	10,406	10,406	—
(5) ATM-related temporary payments*	81,616	81,616	—
<b>Total assets</b>	<b>776,572</b>	<b>776,572</b>	<b>—</b>
(1) Deposits	501,413	501,845	432
(2) Negotiable certificates of deposits	760	759	(0)
(3) Borrowed money	16,000	16,262	262
(4) Bonds	110,000	111,248	1,248
(5) ATM-related temporary advances	37,857	37,857	—
<b>Total liabilities</b>	<b>666,030</b>	<b>667,972</b>	<b>1,941</b>

\* Allowance for loan losses for general accounts and allowance for loan losses for individual accounts corresponding to loans receivable have been deducted. Allowance for loan losses with respect to cash and due from banks, call loans and ATM temporary payments 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*1	144
Investment in capital of partnership*2	979
Total	1,123

Notes:

\*1 Unlisted stocks do not have any market price, and their market value is deemed extremely difficult to identify; therefore such unlisted stocks are excluded from the scope of disclosure.

\*2 Investment in capital of partnership, of which the partnership's assets consist of elements such as unlisted stocks whose market value is deemed extremely difficult to identify, are 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	600,859	—	—	—	—	—
Call loans	13,000	—	—	—	—	—
Securities						
Other securities with maturity	49,000	21,000	—	—	—	—
Government bonds	30,500	—	—	—	—	—
Bonds	18,500	21,000	—	—	—	—
Loans receivable*2	10,371	—	—	—	—	—
ATM-related temporary payments	81,617	—	—	—	—	—
Total	754,848	21,000	—	—	—	—

Notes:

\*1 Due from banks: Due from banks with no maturity is included and disclosed in "Within 1 year."

\*2 Loans receivable: The amount (35 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 "Within 1 year."

Note 4: Amount of repayment scheduled for bonds payable, borrowed money and other interest-bearing liabilities after the consolidated balance sheet date

(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*	401,931	54,509	44,972	—	—	—
Negotiable certificates of deposit	460	300	—	—	—	—
Borrowed money	1,000	5,000	10,000	—	—	—
Bonds	—	45,000	30,000	—	35,000	—
ATM-related temporary advances	37,857	—	—	—	—	—
Total	441,249	104,809	84,972	—	35,000	—

\*Deposits: Demand deposits are included and disclosed in "Within 1 year."

(Securities)

1. Securities held for trading purposes (as of March 31, 2015)

Not applicable

2. Bonds held to maturity (as of March 31, 2015)

Not applicable

3. Other securities (as of March 31, 2015)

	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	720	338	382
	Bonds	59,010	59,000	10
	Government bonds	30,508	30,500	7
	Corporate bonds	28,502	28,499	2
	Subtotal	59,731	59,338	393
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Bonds	10,998	11,000	(2)
	Corporate bonds	10,998	11,000	(2)
	Subtotal	10,998	11,000	(2)
Total		70,730	70,339	391

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2014, to March 31, 2015)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	1,833	19	—
Total	1,833	19	—

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 87 million yen

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

(1) Detail of stock options

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (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 1)	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	(Note 2)	(Note 3)	(Note 2)	(Note 3)
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) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (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 1)	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	(Note 2)	(Note 3)	(Note 2)	(Note 3)
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) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (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 1)	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	(Note 2)	(Note 3)	(Note 2)	(Note 3)
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.

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Company	8 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 193,000 shares	Common stock: 44,000 shares
Grant date	August 4, 2014	Same as at left.
Condition for vesting	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.
Exercise period	August 5, 2014– August 4, 2044	Same as at left.

Notes:

1. 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 subscription rights to shares" with regard to the above First Round – (1) Subscription rights to shares through the Fourth Round – (2) Subscription rights to shares to reflect the stock split.
2. Holders of subscription rights to shares may only exercise their subscription rights to shares within 10 days of the date following the day on which the holder's position as Director is forfeited.
3. Holders of subscription rights to shares may only exercise their subscription rights to shares 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).

(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, 2015 (fiscal year 2014), and the number of stock options is stated as converted into number of shares.

(Number of stock options)

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (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	–	–	–	7,000
Forfeited	–	–	–	–
Outstanding	157,000	7,000	171,000	16,000

	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (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	–	12,000	–	14,000
Forfeited	–	–	–	–
Outstanding	423,000	13,000	440,000	90,000

	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (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	363,000	77,000	216,000	43,000
Granted	–	–	–	–
Exercised	–	10,000	–	9,000
Forfeited	–	–	–	–
Outstanding	363,000	67,000	216,000	34,000

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)		
At end of previous consolidated fiscal year	–	–
Granted	193,000	44,000
Forfeited	–	–
Vested	193,000	44,000
Outstanding	–	–
Post vesting (shares)		
At end of previous consolidated fiscal year	–	–
Granted	193,000	44,000
Exercised	–	–
Forfeited	–	–
Outstanding	193,000	44,000

(Unit price information)

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (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	—	—	—	416,000 yen per subscription rights to share
Fair value valuation price when granted	236,480 yen per subscription rights to share	236,480 yen per subscription rights to share	221,862 yen per subscription rights to share	221,862 yen per subscription rights to share

	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (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	—	416,000 yen per subscription rights to share	—	416,000 yen per subscription rights to share
Fair value valuation price when granted	139,824 yen per subscription rights to share	139,824 yen per subscription rights to share	127,950 yen per subscription rights to share	127,950 yen per subscription rights to share

	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share			
Average price when exercised	—	416,000 yen per stock acquisition right	—	416,000 yen per subscription rights to share
Fair value valuation price when granted	175,000 yen per subscription rights to share	175,000 yen per subscription rights to share	312,000 yen per subscription rights to share	312,000 yen per subscription rights to share

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share
Average price when exercised	—	—
Fair value valuation price when granted	370,000 yen per subscription rights to share	370,000 yen per subscription rights to share

Note: The number of shares to be acquired upon exercise of one (1) subscription rights to share 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 subscription rights to shares” with regard to the above First Round – (1) Subscription rights to shares through the Fourth Round – (2) Subscription rights to shares 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 Seventh Round – (1) and Seventh Round – (2) Subscription rights to shares 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

	Seventh Round – (1) Subscription rights to shares (Stock compensation-type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation-type stock options)
Expected volatility (Note 1)	31.013%	31.013%
Average expected life (Note 2)	6.39 years	6.39 years
Expected dividends (Note 3)	7.5 yen per share	7.5 yen per share
Risk-free interest rate (Note 4)	0.217%	0.217%

Notes: 1. Calculated on the basis of actual share prices of the Company's stock for the six-year and four-month period from March 17, 2008, to August 4, 2014.

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 2014 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, 2015, of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9, 2015) and the "Act to Amend the Local Taxation Act, etc." (Act No. 2, 2015), the corporate tax rate has been reduced effective from the consolidated fiscal year that begins on or after April 1, 2015. In accordance with this measure, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, will be reduced to 33.10% from the previous 35.64% for temporary differences, etc. that are expected to be eliminated during the consolidated fiscal year commencing on April 1, 2015, and to 32.34% for temporary differences, etc. that are expected to be eliminated during the consolidated fiscal year commencing on April 1, 2016, and subsequent years. The impact of this change in the effective statutory tax rate was a decrease of 77 million yen in deferred tax assets, an increase of 17 million in valuation difference on available-for-sale securities, an increase of 0 million yen in remeasurements of defined benefit plans, and an increase of 94 million yen in income taxes - deferred.

(Per share information)

Net assets per share	142.24 yen
Net income per share	19.49 yen
Diluted net income per share	19.46 yen

(Significant subsequent events)

None

## Independent Auditor's Report

May 18, 2015

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, 2015 and for the year from April 1, 2014 to March 31, 2015 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.

### **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 18, 2015

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, 2015 and for the year from April 1, 2014 to March 31, 2015 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.

**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.

Audit Report  
(English Translation)

Regarding the performance of duties by the Directors for the 14th fiscal year from April 1, 2014, to March 31, 2015, 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, 2015, 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 22, 2015

Board of Statutory Auditors, Seven Bank, Ltd.

Full-time Statutory Auditor	Toshiaki Ikeda (seal)
Full-time Statutory Auditor	Isamu Hirai (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.