

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 31, 2019

CONVOCAATION NOTICE OF THE 18TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 18th Ordinary General Meeting of Shareholders (the "Meeting") of Seven Bank, Ltd. (the "Bank") 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 Sunday, June 16, 2019.

Yours Sincerely,

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

Date and time Monday, June 17, 2019, at 10 am (Doors open at 9 am)

Place Ho-O-No-Ma (Main Hall)
2F, Tokyo Prince Hotel
3-1, Shibakoen 3-chome, Minato-ku, Tokyo

Agenda of the Meeting

Matters to be Reported 1. Business Report and Report on the Non-consolidated Financial Statements for the 18th Fiscal Period (from April 1, 2018, to March 31, 2019).
2. Report on the Consolidated Financial Statements for the 18th Fiscal Period (from April 1, 2018, to March 31, 2019) and the Results of Audit by the Accounting Auditor and the Board of Audit & Supervisory Board Members on Said Consolidated Financial Statements.

Matters to be Resolved Proposal 1 Election of Ten (10) Directors
Proposal 2 Election of Two (2) Audit & Supervisory Board Members
Proposal 3 Election of One (1) Substitute Audit & Supervisory Board Member

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 later than three days prior to the Meeting.

End

Please note that gifts will not be distributed at the Meeting. We appreciate your understanding.

* * *

Notes:

- From among the documents to be provided together with this convocation notice, “Matters concerning the Bank’s subscription rights to shares, etc.” in the Business Report, “System for ensuring the suitable maintenance of operations,” “Statement of Changes in Net Assets” and the notes to the Non-consolidated Financial Statements and “Consolidated Statement of Changes in Net Assets” as well as the notes to the Consolidated Financial Statements are disclosed on the Bank’s Web site (<https://www.sevenbank.co.jp/english/ir/>) and not provided herewith pursuant to the law and Article 14 of the Articles of Incorporation.
The attached documents accompanying this convocation notice and the aforementioned documents posted on the above Web site are included in the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor to prepare the Audit Report and the Independent Auditor’s Report, respectively.
- 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 Bank’s Web site (<https://www.sevenbank.co.jp/english/ir/>).

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 17, 2019, at 10 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 16, 2019

Via the Internet

Please access the voting service Web site (<https://www.evotet.tr.mufg.jp/>) designated by the Bank and enter your approval or disapproval of the proposals by the following deadline.

Exercise deadline:No later than 5:30 pm, June 16, 2019

Notes on the exercise of voting rights via the Internet

- Handling of exercise of voting rights via the Internet is suspended from 2 a.m. to 5 a.m. daily.
- 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. may not be available depending on the Internet environment of each shareholder, and that the exercise of voting rights using mobile Web services may not be available depending on the model of the mobile phone used.

To Institutional Investors

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

Reference Materials for General Meeting of Shareholders

Proposal 1: Election of Ten (10) Directors

The term of office of all eleven (11) incumbent Directors will expire at the end of this General Meeting of Shareholders. We therefore propose that you elect ten (10) Directors.

Candidates for the position of Director are as follows.

Candidate number	Name	Position	Attendance at meetings of the Board of Directors during fiscal 2018
1	Reappointed Kensuke Futagoishi	Chairman and Representative Director	Attended 12 of 13 meetings (92.3%)
2	Reappointed Yasuaki Funatake	President and Representative Director	Attended all 13 meetings(100%)
3	Reappointed Kazuhiko Ishiguro	Director, Senior Managing Executive Officer	Attended all 13 meetings(100%)
4	Reappointed Hisanao Kawada	Director, Managing Executive Officer	Attended all 13 meetings(100%)
5	Reappointed Kazutaka Inagaki	Director, Executive Officer	Attended all 10 meetings(100%)
6	Reappointed Katsuhiro Goto	Director	Attended 10 of 13 meetings(76.9%)
7	Reappointed Makoto Kigawa	Outside Director Independent Officer	Director Attended 8 of 10 meetings(80.0%)
8	Reappointed Toshihiko Itami	Outside Director Independent Officer	Director Attended all 10 meetings(100%)
9	Reappointed Koichi Fukuo	Outside Director Independent Officer	Director Attended all 10 meetings(100%)
10	Reappointed Yukiko Kuroda	Outside Director Independent Officer	Director Attended all 10 meetings(100%)

Note: Attendances of Kazutaka Inagaki, Makoto Kigawa, Toshihiko Itami, Koichi Fukuo and Yukiko Kuroda are only with regard to the Board of Directors meetings that were held after they assumed office as Director on June 19, 2018.

Candidate number	Name (Date of birth)	Biography, position, and business in charge, and important concurrent positions	Number of Company shares owned
1	Kensuke Futagoishi (October 6, 1952) Reappointed	<p>Apr. 1977 Joined The Sanwa Bank, Limited (now MUFG Bank, 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 MUFG Bank, Ltd.)</p> <p>Oct. 2003 Joined the Bank</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</p> <p>Jun. 2018 Chairman and Representative Director, aforementioned company (present post)</p> <p>[Reasons for appointing the candidate for Director] Mr. Kensuke Futagoishi, as Chairman and Representative Director of the Bank, possesses abundant experience and demonstrated outstanding performance and insights in the Bank's overall management. Therefore, the Bank judges him to be a suitable to control and supervise the Bank's overall management and reappoints him as a candidate for Director.</p>	233,100
2	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 Bank</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, General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2008 Director, Executive Officer, General Manager of Business Promotion Division, 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</p> <p>Jun. 2016 Director, Executive Vice President, aforementioned company</p> <p>Jun. 2018 President and Representative Director, aforementioned company (present post)</p> <p>Jun. 2018 Director, Seven Pay Co., Ltd. (present post)</p> <p>[Business in Charge] Internal Audit Division</p> <p>[Major Concurrent Positions] Director, Seven Pay Co., Ltd.</p> <p>[Reasons for appointing the candidate for Director] Mr. Yasuaki Funatake, as President and Representative Director of the Bank, has controlled the Bank's overall management and possesses abundant experience, and demonstrated performance and insight in promoting the Bank's management strategies. Therefore, the Bank judges Mr. Funatake to be a suitable candidate for Director.</p>	194,600

Candidate number	Name (Date of birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
3	Kazuhiko Ishiguro (December 2, 1957) Reappointed	<p>Apr. 1980 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)</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 (on loan)</p> <p>May 2009 Joined the Bank</p> <p>May 2009 Executive Officer, General Manager of System Division, 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</p> <p>Jun. 2016 Director, Senior Managing Executive Officer, aforementioned company (present post)</p> <p>May 2019 Audit & Supervisory Board Member, Signpost Corporation (present post)</p> <p>[Business in Charge] System Development Division, ATM Solution Division, and Operations Division</p> <p>[Major Concurrent Positions] Outside Audit & Supervisory Board Member, Signpost Corporation</p> <p>[Reasons for appointing the candidate for Director] Mr. Kazuhiko Ishiguro, as Director and Senior Managing Executive Officer of the Bank, has controlled the Bank's System Development Division, which supports the ATMs, products and services of the Bank, and possesses abundant experience, demonstrated performance and insight related to systems and overall bank operation. Therefore, the Bank judges Mr. Ishiguro to be a suitable candidate for Director.</p>	27,800
4	Hisanao Kawada (July 29, 1960) Reappointed	<p>Apr. 1984 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)</p> <p>Dec. 2005 Joined the Bank</p> <p>Oct. 2006 General Manager of Project Development Division, aforementioned company</p> <p>Sep. 2011 Executive Officer, General Manager of Product Development and Promotion Division, aforementioned company</p> <p>Jul. 2013 Executive Officer, General Manager of Business Promotion Division, aforementioned company</p> <p>Jul. 2015 Managing Executive Officer, General Manager of Business Promotion Division, aforementioned company</p> <p>May 2016 Director, Seven Financial Service Co., Ltd. (present post)</p> <p>Jun. 2016 Director, Managing Executive Officer, General Manager of Business Promotion Division, Bank (present post)</p> <p>May 2019 Director, Seven Pay Co., Ltd. (present post)</p> <p>[Business in Charge] Business Promotion Division, Retail Banking Division, Financial Strategy Project</p> <p>[Major Concurrent Positions] Director, Seven Financial Service Co., Ltd. Director, Seven Pay Co., Ltd.</p> <p>[Reasons for appointing the candidate for Director] Mr. Hisanao Kawada, as Director and Managing Executive Officer of the Bank, controlled the planning and promotion of new products and services and the expansion of business partners in the ATM platform business. Mr. Kawada possesses abundant experience and demonstrated performance and insights related to the overall ATM platform business of the Bank. Therefore, the Bank judges him to be a suitable candidate for Director.</p>	80,400

Candidate number	Name (Date of birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
5	Kazutaka Inagaki (September 27, 1967) Reappointed	<p>Apr. 1990 Joined Haseko Corporation Mar. 1996 Joined Seven-Eleven Japan Co., Ltd. Feb. 2003 Joined the Bank Jul. 2015 General Manager of ATM Administration Division, aforementioned company Jul. 2016 General Manager of Sales Management Division, aforementioned company Jul. 2017 Executive Officer, General Manager of Sales Management Division, aforementioned company Jun. 2018 Director, Executive Officer, General Manager of Sales Management Division, aforementioned company (present post)</p> <p>[Business in Charge] Sales Management Division and ATM Administration Division [Reasons for appointing the candidate for Director] Mr. Kazutaka Inagaki is currently a Director and Executive Officer of the Bank, leading the expansion of the Bank's ATM network and promoting the realization and maintenance of stable ATM operation. Mr. Inagaki possesses abundant experience and demonstrated performance and insights regarding the Bank's operation. Therefore, the Bank judges him to be a suitable candidate for Director.</p>	31,300
6	Katsuhiro Goto (December 20, 1953) Reappointed	<p>Jul. 1989 Joined Seven-Eleven Japan Co., Ltd. May 2002 Director, Ito-Yokado Co., Ltd. May 2004 Managing Director, aforementioned company Sep. 2005 Director, Seven & i Holdings Co., Ltd. May 2006 Director, Millennium Retailing, Inc. Aug. 2009 Director, Sogo & Seibu Co., Ltd. May 2016 Vice President & Representative Director, Seven & i Holdings Co., Ltd. (present post) Jun 2017 Director, the Bank (present post)</p> <p>[Major Concurrent Position] Vice President & Representative Director, Seven & i Holdings Co., Ltd. [Reasons for appointing the candidate for Director] Mr. Katsuhiro Goto's experience and insight as a Representative Director of Seven & i Holdings Co., Ltd., has genuinely contributed to the Bank's management. Therefore, the Bank judges him to be a suitable candidate for Director.</p>	30,000
7	Makoto Kigawa (December 31, 1949) Reappointed Independent Officer Outside Director	<p>Apr. 1973 Joined The Fuji Bank, Limited (now Mizuho Bank, Ltd.) Apr. 2004 Managing Director, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.) Apr. 2005 Joined YAMATO TRANSPORT CO., LTD. (now YAMATO HOLDINGS CO., LTD.) Jun. 2005 Managing Director, aforementioned company Jun. 2006 Representative Director and Senior Executive Officer, aforementioned company Mar. 2007 Representative Director, President and Executive Officer, YAMATO TRANSPORT CO., LTD. Apr. 2011 Representative Director, President and Executive Officer, YAMATO HOLDINGS CO., LTD. Apr. 2015 Representative Director and Chairman, aforementioned company Jun. 2016 Director, Komatsu Ltd. (present post) Apr. 2018 Director and Chairman, YAMATO HOLDINGS CO., LTD. Jun. 2018 Director, the Bank (present post) Apr. 2019 Director, YAMATO HOLDINGS CO., LTD. (present post)</p> <p>[Major Concurrent Position] Director, YAMATO HOLDINGS CO., LTD. Outside Director, Komatsu Ltd. [Reasons for appointing the candidate for Outside Director] Mr. Makoto Kigawa's experience and insight as a manager at YAMATO HOLDINGS CO., LTD., etc., has genuinely contributed to the Bank's management. Therefore, the Bank judges him to be a suitable candidate for Outside Director.</p>	0

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
8	Toshihiko Itami (September 2, 1953) Reappointed Independent Officer Outside Director	<p>Apr. 1980 Prosecutor, Tokyo District Public Prosecutors Office</p> <p>Jun. 2010 Director-General of the General Affairs Division, Supreme Public Prosecutors Office</p> <p>Jul. 2012 Chief Public Prosecutor, Tokyo District Public Prosecutors Office</p> <p>Jul. 2014 Deputy Prosecutor-General, Supreme Public Prosecutors Office</p> <p>Dec. 2015 Superintending Prosecutor, Osaka High Public Prosecutors Office</p> <p>Nov. 2016 Registered as an Attorney-at-law, joined Daiichi Tokyo Bar Association (present post)</p> <p>Nov. 2016 Advisor, Nagashima Ohno & Tsunematsu (present post)</p> <p>Jun. 2018 Director, the Bank (present post)</p> <p>Jun. 2018 Director, TODA CORPORATION (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Nagashima Ohno & Tsunematsu) Outside Director, TODA CORPORATION</p> <p>[Reasons for appointing the candidate for Outside Director] Mr. Toshihiko Itami's insight on corporate legal affairs nurtured for many years through his career as a prosecutor has genuinely contributed to the Bank's management. Although Mr. Itami has not been involved in corporate management other than as an Outside Director or Outside Auditor, for the above reasons, the Bank judges him to be a suitable candidate for Outside Director.</p>	0
9	Koichi Fukuo (April 17, 1955) Reappointed Independent Officer Outside Director	<p>Apr. 1978 Joined Honda Motor Co., Ltd.</p> <p>Jun. 2005 Operating Officer, aforementioned company</p> <p>Jun. 2010 Managing Officer, aforementioned company</p> <p>Apr. 2014 Senior Managing Officer, aforementioned company</p> <p>Nov. 2014 Executive Vice President, Honda R&D Co., Ltd.</p> <p>Apr. 2015 President and Representative Director, aforementioned company</p> <p>Jun. 2015 Senior Managing Officer and Director, Honda Motor Co., Ltd.</p> <p>Jun. 2018 Director, the Bank (present post)</p> <p>[Reasons for appointing the candidate for Outside Director] Mr. Koichi Fukuo's experience and insight as a manager at Honda Motor Co., Ltd., etc., has genuinely contributed to the Bank's management. Therefore, the Bank judges him to be a suitable candidate for Outside Director.</p>	0
10	Yukiko Kuroda (September 24, 1963) Reappointed Independent Officer Outside Director	<p>Apr. 1986 Joined Sony Corporation</p> <p>Jan. 1991 Representative Director, People Focus Consulting</p> <p>Jun. 2010 Audit & Supervisory Board Member, Astellas Pharma Inc.</p> <p>Mar. 2011 Director, CAC Co., Ltd. (now CAC Holdings Corporation) (present post)</p> <p>Apr. 2012 Director/Founder, People Focus Consulting (present post)</p> <p>Jun. 2013 Director, Marubeni Corporation</p> <p>Jun. 2015 Member of the Board, Mitsui Chemicals, Inc. (present post)</p> <p>Jun. 2018 Director, the Bank (present post)</p> <p>Jun. 2018 Director, Terumo Corporation (present post)</p> <p>[Major Concurrent Positions] Director/Founder, People Focus Consulting Outside Director, CAC Holdings Corporation Outside Member of the Board, Mitsui Chemicals, Inc. Independent Director, Terumo Corporation</p> <p>[Reasons for appointing the candidate for Outside Director] Ms. Yukiko Kuroda's experience as a corporate manager and insight related to the development of human resources who can handle global business has genuinely contributed to the Bank's management. Therefore, the Bank judges her to be a suitable candidate for Outside Director.</p>	0

- Notes: 1. Candidate Mr. Katsuhiro Goto concurrently serves as Vice President & Representative Director of Seven & i Holdings Co., Ltd., which is a specific related company of the Bank.
There are no particular interests between the Bank and any of the other candidates for Director.
If the election of Candidate Mr. Katsuhiro Goto is approved as originally proposed, Mr. Goto will become a non-executive Director.
2. Candidates Mr. Makoto Kigawa, Mr. Toshihiko Itami, Mr. Koichi Fukuo and Ms. Yukiko Kuroda are candidates for Outside Director of the Bank.
3. Facts of violation of laws or Articles of Incorporation or other unfair business execution that occurred at other company in the past five years while a candidate for Outside Director was serving as a director, an executive officer or an audit & supervisory board member of the company are as follows:
- At the corporate group of YAMATO HOLDINGS CO., LTD. (“YAMATO HOLDINGS”), at which Candidate Makoto Kigawa has been serving as a Director since June 2005, a problematic situation occurred where the update of the operating structure could not catch up with the recent rapid expansion of e-commerce, causing many employees not to be able to have sufficient break. A survey on employees’ actual work hours conducted in February 2017 and thereafter revealed the company’s lack of recognition about issues such as employees being unable to get sufficient break. YAMATO HOLDINGS regarded this finding as a serious issue, positioned the “workstyle reform”—via “improvement in and thorough labor management,” “promotion of a healthy work-life balance” and other initiatives—as a priority issue and has been working on various structural reforms in its Delivery business, etc.
Also, at Yamato Home Convenience Co. Ltd. (“Yamato Home Convenience”), a consolidated subsidiary of YAMATO HOLDINGS, an inappropriate billing for moving services to employees of their corporate clients occurred in violation of contract. As a result, Yamato Home Convenience received an administrative disposition and a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in January 2019. YAMATO HOLDINGS has been working on structural enhancement to prevent the recurrence of similar incident at Yamato Home Convenience and strengthening corporate governance to improve the soundness of management of the Yamato Group.
4. Regarding the candidates Mr. Makoto Kigawa, Mr. Toshihiko Itami, Mr. Koichi Fukuo and Ms. Yukiko Kuroda, who are currently servicing as Outside Directors of the Bank, each candidate’s length of service period as an Outside Director is one year at the end of this General Meeting of Shareholders.
5. With candidates Mr. Katsuhiro Goto, Mr. Makoto Kigawa, Mr. Toshihiko Itami, Mr. Koichi Fukuo and Ms. Yukiko Kuroda, the Bank currently has a contract 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. (Provided, however, that the amount of the liability limitation under the contract is as provided by law.) If the elections of these candidates are approved as originally proposed, this contract with each of them shall continue to be effective.
6. Candidates Mr. Makoto Kigawa, Mr. Koichi Fukuo and Ms. Yukiko Kuroda have been registered as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc. If the election of these candidates is approved as originally proposed, the Bank intends to continue to register them as Independent Officer with the Tokyo Stock Exchange.
If the election of candidate Mr. Toshihiko Itami is approved as originally proposed, the Bank intends to register him as an independent officer with the Tokyo Stock Exchange as stipulated by Tokyo Stock Exchange, Inc.
Candidate Mr. Makoto Kigawa concurrently holds office as Director of YAMATO HOLDINGS CO., LTD. The Bank and its subsidiaries pay delivery fees, etc., to YAMATO HOLDINGS’ subsidiaries. However, the amount of such payments is less than 0.1% of Ordinary expenses for the Bank’s most recent consolidated business year. Also, the Bank’s subsidiaries receive payments for system usage fees, etc., from the YAMATO HOLDINGS’ subsidiaries, the amount of which is less than 0.1% of the Ordinary income of the Bank.
7. Ms. Yukiko Kuroda’s name on the Family Register is Yukiko Matsumoto.

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

Mr. Kunihiro Matsuo will resign as Outside Audit & Supervisory Board Member and Ms. Naomi Ushio's term of office as an Outside Audit & Supervisory Board Member will expire at the end of this General Meeting of Shareholders. We therefore propose that you elect two (2) Audit & Supervisory Board Members.

This proposal has already been approved by the Audit & Supervisory Board. The candidates for the position of Audit & Supervisory Board Member 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	Hideaki Terashima (November 16, 1951) Newly appointed Independent Officer Outside Audit & Supervisory Board Member	<p>Apr. 1978 Registered as an Attorney-at-law, joined Tokyo Bar Association (present post)</p> <p>Apr. 1983 Established Terashima Law Office (now Harumi-kyowa Law Offices)</p> <p>Apr. 1995 Professor, Legal Training and Research Institute of Japan, Supreme court of Japan</p> <p>Jan. 2001 Examiner for the Second Stage of Testing of the Bar Examination at National Bar Examination Commission</p> <p>Apr. 2005 Examiner for New Bar Examination</p> <p>Apr. 2007 Visiting Professor, Law School, Senshu University</p> <p>Apr. 2009 Professor, Law School, Senshu University (present post)</p> <p>Apr. 2017 Visiting Professor, Chuo University, Faculty of Law (present post)</p> <p>[Major Concurrent Positions] Attorney-at-law (Harumi-kyowa Law Offices) Professor, Law School, Senshu University</p> <p>[Reasons for appointing the candidate for Outside Audit & Supervisory Board Member] We can expect Mr. Hideaki Terashima's broad insight in corporate legal affairs, nurtured in his career as an Attorney-at-law, to contribute to the audits of management of the Bank. Although Mr. Terashima has not been involved in corporate management other than as an Outside Director or Outside Auditor, for the above reasons, the Bank judges him to be a suitable candidate for Outside Audit & Supervisory Board Member.</p>	0
2	Yukie Toge (December 22, 1966) Newly appointed Independent Officer Outside Audit & Supervisory Board Member	<p>May 1999 Registered as a Certified Public Accountant</p> <p>Feb. 2003 Head of Toge Yukie CPA Office (present post)</p> <p>Jun. 2007 Representative Director, Felice Consulting Ltd. (present post)</p> <p>Mar. 2019 Director (Audit & Supervisory Committee Member), Mabuchi Motor Co., Ltd. (present post)</p> <p>[Major Concurrent Positions] Representative Director, Felice Consulting Ltd. Certified Public Accountant (Head of Toge Yukie CPA Office) Outside Director (Audit & Supervisory Committee Member), Mabuchi Motor Co., Ltd.</p> <p>[Reasons for appointing the candidate for Outside Audit & Supervisory Board Member] We can expect Ms. Yukie Toge's expertise as a Certified Public Accountant, deep insights as an accounting and system-related consultant, and experience as a corporate manager to contribute to the audits of management of the Bank. Therefore, the Bank judges her to be a suitable candidate for Outside Audit & Supervisory Board Member.</p>	0

Notes: 1. There are no particular interests between the Bank and either of the above candidates.

2. Candidates Mr. Hideaki Terashima and Ms. Yukie Toge are candidates for Outside Audit & Supervisory Board Member.

3. If candidates Mr. Hideaki Terashima and Ms. Yukie Toge assume office as Outside Audit & Supervisory Board Members, the Bank intends to conclude a contract for limitation of indemnity liability with them 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. (Provided, however, that the amount of the liability limitation under the contract is as provided by law.)

4. If candidates Mr. Hideaki Terashima and Ms. Yukie Toge assume office as Outside Audit & Supervisory Board Members, the Bank intends to register them as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.

5. Ms. Yukie Toge's name on the Family Register is Yukie Iijima.

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for the event that the number of Audit & Supervisory Board Members falls below the required number stipulated by laws and regulations, based on Article 329, Paragraph 3 of the Companies Act, we propose that you elect one (1) Substitute Audit & Supervisory Board Member.

Provided, however, the election based on this proposal shall be able to be revoked with approval by the Audit & Supervisory Board and by resolution of the Board of Directors only before the elected Audit & Supervisory Board Member assumes office.

This proposal has already been approved by the Audit & Supervisory Board.

The candidate for the position of Substitute Audit & Supervisory Board Member is as follows.

Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
Chieko Eda (November 21, 1950)	Sep. 1985 Joined Milbank, Tweed, Hadley & McCloy LLP (now Milbank LLP) Jan. 1986 Registered as an Attorney-at-law in New York State, United States May 1990 Registered as an Attorney-at-law in the State of California, United States Oct. 1995 Joined Morrison & Foerster LLP Sep. 1998 Joined Shearman & Sterling LLP (Tokyo Office) Jul. 2003 Japan's representative at Johnson & Johnson, Law Department (Corporate Headquarters of Law) Mar. 2009 Representative Director, Johnson & Johnson K.K. Mar. 2009 Director, Janssen Pharmaceutical K.K. Jan. 2018 Director, GSTV Corporation LTD. (present post) [Reasons for appointing the candidate for Substitute Outside Audit & Supervisory Board Member] We can expect Ms. Chieko Eda's insights in international corporate legal affairs and experience as a corporate manager to contribute to the audits of management of the Bank. Therefore, the Bank judges her to be a suitable candidate for Substitute Outside Audit & Supervisory Board Member.	0

- Notes: 1. Candidate Ms. Chieko Eda is a candidate for Substitute Outside Audit & Supervisory Board Member of the Bank.
 2. There are no particular interests between the Bank and candidate Ms. Chieko Eda.
 3. If candidate Ms. Chieko Eda assumes office as an Outside Audit & Supervisory Board Member of the Bank, the Bank intends to conclude with her a contract 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. (Provided, however, that the amount of the liability limitation under the contract is as provided by law.)
 4. If candidate Ms. Chieko Eda assumes office as an Outside Audit & Supervisory Board Member of the Bank, the Bank intends to register her as Independent Officer with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.

(Reference) Independence Standards for Outside Officers

1. Is not a person with executive authority over operations of the Bank's parent company or fellow subsidiary (or has been in such position in the past, hereinafter, the same applies to each item);
2. Is not a person for which the Bank is a major business partner or a person with executive authority over such entity's operations, or a major business partner of the Bank or a person with executive authority over operations of such entity's operations;
3. Is not a consultant, an accounting professional or a legal professional or a person belonging to an organization that receives a significant amount of compensation from the Bank, other than officers' compensation;
4. Is not a major shareholder of the Bank or a person with executive authority over operations of such shareholder; or
5. Is not a close relative to a person that falls under any of the above or a relative by blood or marriage within the second degree to a person with executive authority over operations of the Bank.

Business Report for the 18th Fiscal Period (from April 1, 2018, to March 31, 2019)

1 Matters concerning the current status of the Corporate Group

1. Business developments of the Bank's group and outcomes

Description of main businesses

Seven Bank Group (the "Bank's group") comprises consists of 8 companies, i.e., Seven Bank Ltd. (the "Bank") and its 4 consolidated subsidiaries (FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., and Seven Payment Service, Ltd.) and 3 affiliates (Seven Pay Co., Ltd., TORANOTEC Ltd. and TORANOTEC Asset Management Ltd.), promoting each business in Japan and overseas. In Japan, in addition to ATM platform business, which is its core business, the Bank's group conducts settlement and account business. Overseas, it develops ATM services in the United States and Indonesia.

In the ATM platform business, the Bank's group installed ATMs in Seven-Eleven and Ito-Yokado belonging to companies of the Seven & i Group (the "Group"), as well as at airports, stations, and branches of financial institutions. By cooperating with numerous 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 Bank's group provides ATM services to numerous customers using its convenient ATM network which operates 24/365 in principle. In the Settlement and account business, the Bank's group provides ubiquitous and convenient account services such as ordinary deposits, time deposits, loan services, international money transfer services and debit services.

Through overseas consolidated subsidiaries of the Bank, the Bank's group has developed businesses in the United States and Indonesia to provide ATM services that address local settlement needs.

Economic and Financial environment

Despite persistent uncertainty about the future of consumer spending, the Japanese economy expanded moderately given the positive out-turn of the circulation of income and expenditures from the effect of economic measures by the Japanese government. The financial environment remained substantially saturated with the anticipated inflation rate staying at the same level and real long-term interest rates—long-term interest rates minus the anticipated medium- to long-term inflation rate—staying negative.

Business developments and outcomes

(1) Domestic business segment

- ATM platform business

During the consolidated fiscal year under review, Bank's group continued to promote aggressively the installation of ATMs within and outside the Group to enhance the convenience for customers. Also, during the consolidated fiscal 2018, to further expand the number of our ATM users, we aggressively promoted new partnerships with fund transfer businesses other than just financial institutions as a new business category. Moreover, in May 2018, the Bank started ATM pick-up (cash receiving services) that allow customers to receive cash without a bank account. In October 2018, it started handling a top-up service for electronic money to transportation IC cards and the Rakuten Edy rechargeable smart card. As a result of such efforts, as of March 31, 2019, we had partnered with 124 banks, 257 *shinkin* banks, 127 credit cooperatives, 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, 11 securities companies, 7 life insurance companies and 73 other financial institutions, totaling 615 businesses.*

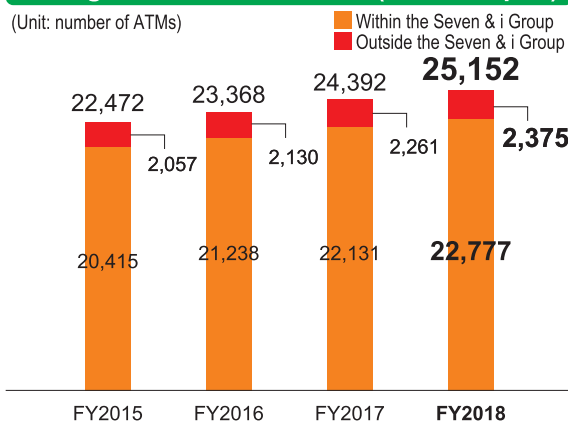
Within the Group, we have installed ATMs along with new 7-Eleven store openings and steadily increased the number of ATMs installed. As for operations outside the Group, to address customer needs, we continued to promote aggressively the installation of ATMs inside

each facility for transportation, logistics and tourism. Moreover, under a commission to install ATMs from The Nanto Bank, Ltd., in a broad area outside Nanto Bank's branches/outlets, in March 2019 we installed five "CO-OP ATMs" simultaneously around major terminal stations in Nara and Osaka prefectures.

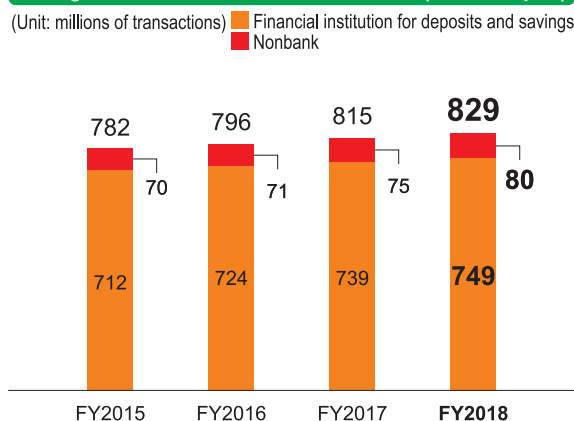
As a result of such initiatives, the number of our ATMs installed reached 25,152 (up 3.1% compared with the end of March 2018). The average daily transactions per ATM during the consolidated fiscal year under review were 92.3 (down 1.9% year over year), and a total of 829 million transactions were recorded (up 1.8% year over year).

Note: JA Bank and JF Marine Bank are each counted as one institution.

Change in Number of ATMs (Within Japan)



Change in Number of ATM Transactions (Within Japan)



- Settlement and account business

As of the end of the consolidated fiscal year under review, the number of individual customer accounts was 2,001,000, exceeding "2 million accounts" (up 9.5% compared with the end of March 2018), with a balance of individuals' deposits of 434,600 million yen (up 6.1% year over year) and a balance of loan services of 22,600 million yen (down 0.1% year over year). The number of money transfers made using our international money transfer services during the consolidated fiscal year under review was 1,144,000 (up 6.0% year over year).

Bank Business Factory Co., Ltd. (hereinafter "BBF"), the Bank's domestic consolidated subsidiary, is developing businesses for back-office support on commission not only for the Bank but also for other financial institutions utilizing knowledge obtained in the settlement and account business. In recent years, the increasing sophistication of money laundering schemes is a new social issue that has been recognized. To address this issue, financial institutions are required to take expeditious and effective measures. BBF has expanded its range of back-office support operations to cover money laundering countermeasures to help financial institutions, striving to grow business by contributing to solving social issues.

In addition, Seven Pay Co., Ltd., the Bank's equity-method affiliate newly established in June 2018 via joint investment among the Group (the ratio of the Bank's investment: 30%), is preparing to provide smartphone-based new settlement service (scheduled to be launched in July 2019).

As a result of these initiatives, for the consolidated fiscal year under review, ordinary income in the domestic business segment was 119,844 million yen (up 2.6% year over year) and ordinary profit was 42,794 million yen (up 1.0% year over year).

(2) Overseas business segment

- Overseas business

The number of ATMs operated by FCTI, Inc. (hereinafter "FCTI"), the Bank's consolidated subsidiary in the United States, was 12,795 as of December 31, 2018. With regard to the business results of FCTI for the consolidated fiscal year (from January 2018 to December 2018), ordinary income was 248.5 million U.S. dollars, but ordinary loss of 8.7 million U.S. dollars was

recorded. In addition, a recording of impairment loss on fixed assets of FCTI as an extraordinary loss led to the net loss of 99.5 million U.S. dollars. Utilizing an ATM network of approximately 8,000 ATMs installed in U.S. 7-Eleven stores, FCTI remains dedicated to the early establishment of a consistently profitable business structure by increasing the number of ATM transactions and ensuring higher operational efficiency.

As a result, for the consolidated fiscal year under review, in the overseas business segment, ordinary income was 27,547 million yen (up 152.5% year over year) and ordinary loss of 2,018 million yen was recorded.

(3) Operating results

As for the consolidated results of our operation in fiscal 2018, with revenues from the full-scale ATM business operation in the United States, ordinary income was 147,288 million yen (up 15.3% year over year) and ordinary profit was 40,714 million yen (up 6.2% year over year).

Because the business results of FCTI, the Bank's consolidated subsidiary promoting the Bank's overseas business, and PT.ABADI TAMBAH MULIA INTERNASIONAL (hereinafter "ATMi"), the Bank's consolidated subsidiary in Indonesia, were below the initially planned level, we reviewed the business plan and recorded an impairment loss of 14,830 million yen on the fixed assets of both FCTI and ATMi, etc. (mainly goodwill that occurred at the time of the acquisition of FCTI stock) as an extraordinary loss. As a result, net income attributable to owners of the parent was 13,236 million yen (down 47.6%).

As for the Bank's non-consolidated business results, given the steady progress of ATM platform business, which is Bank's core business, ordinary income was 119,567 million yen (up 2.5%) and ordinary profit was 43,059 million yen (up 1.8% year over year). In addition, the Bank recognized the decline in the real value of shares in the aforementioned overseas consolidated subsidiaries of the Bank and recorded losses on valuation of shares of subsidiaries and affiliates amounting to 21,889 million yen as an extraordinary loss, resulting in net income of 14,572 million yen (down 49.9% year over year).

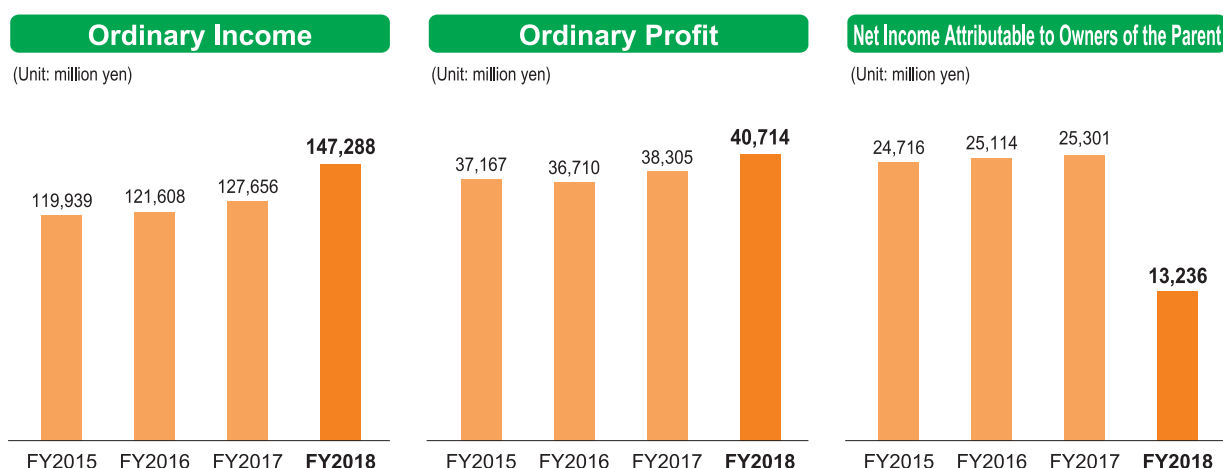
(4) Assets, liabilities and net assets

Total assets at the end of March 2019 were 1,141,926 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 780,650 million yen.

The remainder mostly consisted of marketable securities of 85,639 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 194,910 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 929,036 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 678,664 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 294,234 million yen and the balance of individuals' time deposits was 140,416 million yen.

Net assets were 212,890 million yen. Of these, retained earnings were 147,094 million yen.



Issues the Bank's group needs to cope with

The business environment surrounding the Bank's group is changing dramatically, and the speed of the change is increasing.

In Japan, with the digitization of account settlements and increasing cashless transactions, as well as technological innovations, various new services are emerging. Given such trends, the value of ATMs as a financial contact point close to our daily lives is also changing radically. Moreover, with increasingly diversifying lifestyles and sense of value, the implementation of a new regulation related to foreign workers, etc., new consumption and labor markets are emerging, leading to further expansion of the needs of "nearby and more convenient" financial services.

On the other hand, today's diverse and serious social issues include concern over cybersecurity given recent increasingly intricate and sophisticated financial crimes, a decreasing productive population along with an aging society, and declining opportunities to meet financial needs in rural towns due to a reduction in the number of tellers and ATMs at financial institutions in such regions. In such an environment, corporations, as members of society, also need to be increasingly focused on seeking solutions to these issues.

Based on these recent changes in the social environment, utilizing the Bank's platform including its ATM network with more than 25,000 ATMs nationwide, together with stakeholders such as allied corporations and business partners, we continue to offer a "safe and secure" settlement infrastructure and promote the following businesses to solve issues toward a sustainable society and improve our corporate value.

Specific initiatives in each business and their status of progress are as follows:

<Domestic business segment>

● ATM platform business

Positioning our nationwide ATM infrastructure with more than 25,000 units as our platform, we will develop initiatives to increase the number of business partners and customers. To attract more customers to our ATM services, we have been offering unconventional ATM utilization styles such as ATM pick-up (cash receiving services) that allow customers to receive cash without a bank account, charging (loading money onto) electronic money for public transportation and services that cater to businesses that have newly entered the settlement market, in addition to enriching our services for existing business partners such as financial institutions. To continue to promote the creation of new value for ATMs, we will strive to expand our partnerships and raise public awareness of our new services.

In addition, while continuing the steady installation of ATMs within the Group, we will continue to aggressively promote the installation of ATMs by further strengthening our effort to receive orders from financial institutions to install ATMs on commission.

We will promote the development and introduction of innovative ATMs, flexibly addressing changes in social structures, customer needs and the sense of value and strive to create new value for ATMs.

● Settlement and account business

Our international money transfer services are highly popular among foreign workers, who are increasing in number each year, as a secure and convenient service through which they can send money to their family in their home country with peace of mind. Given the implementation of the revised Immigration Control Act in April 2019, significant revenue opportunities are anticipated from international money transfer services. We will continue to contribute to realizing the coexistence of multiple cultures by providing international money transfer and other financial services.

Seven Pay Co., Ltd., the Bank's equity-method affiliate newly established in June 2018 via joint investment among the Bank's group (the ratio of the Bank's investment: 30%), will provide the smartphone-based "7 pay" barcode settlement service (scheduled to be launched in July 2019). Leveraging this "7 pay" service, we will strengthen the contact point both in quality and quantity between the Bank's financial services and as many as 23 million customers a day who visit 7-Eleven and other stores of the Group. Through our "nearby and convenient" financial services that only our group can provide, we will offer new value in customers' daily lives.

In today's increasingly convenient and diverse society, expectations are high for banks to offer safe and secure financial services to everybody. For an increasing number of

foreigners to be able to live in Japan with peace of mind and for everybody to be able to use new settlement and other services safely and securely, we will make aggressive efforts with consideration to alliances with external corporations as a new business area.

<Overseas business>

The installation of ATMs inside 7-Eleven stores all over the United States by FCTI—the Bank’s consolidated subsidiary in North America—was completed in March 2018 as planned, and stable ATM operation has been achieved. We aim to improve profitability by such measures as preparing to offer new services through synergies with 7-Eleven, Inc. (U.S.). Also, maximizing the Bank’s know-how, we will continue to work on business development in Asia and other regions where 7-Eleven stores operate.

The Bank’s group has, since its establishment, enhanced the convenience of people’s lives by offering safe and secure financial services, closely listening to customers’ input and addressing their needs. We will continue to pursue the absolute value of our services, aiming to improve customer satisfaction and maximize social value.

However, the business environment surrounding the Bank’s group is changing radically. We therefore must be attentive to changes in the social structure and increasingly diverse customer needs and take flexible measures to adopt the fruits of technological innovation. To this end, in every business area, we will continue “responding to change while strengthening fundamentals.” That is, we will boldly and flexibly review conventional business models in response to changes in the business environment and continue to evolve, while firmly maintaining and strengthening our historic strengths.

We look forward to your continued support and guidance.

2. Assets and profit/loss of the Bank and the Bank's group

1) Assets and profit/loss of the Bank's group (Consolidated)

(Unit: 100 millions of yen)

	FY2015	FY2016	FY2017	FY2018
Ordinary income	1,199	1,216	1,276	1,472
Ordinary profit	371	367	383	407
Net income attributable to owners of the parent	247	251	253	132
Comprehensive income	246	246	246	130
Total net assets	1,847	1,990	2,120	2,128
Total assets	9,153	9,577	10,224	11,419

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

2) Assets and profit/loss of the Bank (Non-consolidated)

(Unit: 100 millions of yen)

	FY2015	FY2016	FY2017	FY2018
Deposits	5,470	5,715	6,227	6,797
Time deposits	2,547	2,354	2,288	2,315
Others	2,923	3,361	3,939	4,482
Bonds	1,100	1,100	950	1,350
Loans receivable	162	198	237	234
To individuals	162	198	227	226
To medium and small enterprises	—	—	—	—
Others	—	—	10	7
Commodity-related securities	—	—	—	—
Securities	833	1,025	900	927
Government bonds	—	—	—	—
Others	833	1,025	900	927
Total assets	9,108	9,556	10,232	11,455
Amount of domestic exchange handled	327,104	344,226	356,076	367,177
Amount of foreign exchange handled	Millions of U.S. dollars 315	Millions of U.S. dollars 430	Millions of U.S. dollars 479	Millions of U.S. dollars 524
Ordinary profit	Millions of yen 39,002	Millions of yen 38,911	Millions of yen 42,262	Millions of yen 43,059
Net income for the term	Millions of yen 26,107	Millions of yen 26,871	Millions of yen 29,106	Millions of yen 14,572
Net income per share for the term	Yen 21.92	Yen 22.55	Yen 24.43	Yen 12.23

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

3. Employees of the Bank's group

	Current FY end		Previous FY end	
	Domestic Business	Overseas Business	Domestic Business	Overseas Business
Number of employees	539	118	531	124

Note: Number of employees does not include officers, executive officers, employees on loan to outside the Bank's group, part-time employees and dispatched employees, whereas it does include employees on loan from outside the Bank's group.

4. Major outlets and branch stores of the Bank's group

A. Banking business

(a) Major outlets and branch stores and numbers outlets and branch stores

	Major outlet and branch store	Current FY end		Previous FY end	
		Total	(Outlets)	Total	(Outlets)
Tokyo metropolitan region	Ueno Outlet of the Headquarters	19	(1)	19	(1)
Saitama Prefecture	Kawaguchi Store Outlet	1	(1)	1	(1)
Kanagawa Prefecture	Kawasaki Azalea Outlet	1	(1)	1	(1)
Aichi Prefecture	NAGOYA · SAKAE Outlet	1	(1)	1	(1)
Total		22	(4)	22	(4)

Notes: 1. Outlets and branch stores in the Tokyo metropolitan region include 17 virtual branch stores (12 for individuals, 5 for corporations), all of which are located at the headquarters.
2. In addition to the above, non-store ATMs were installed in 23,367 locations as of the end of FY 2018 (up from 22,668 as of the end of FY 2017).

(b) List of bank agencies

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

(c) Bank agency services, etc. operated by Seven Bank

Not applicable

B. Domestic business

Bank Business Factory Co., Ltd.: Head Office in Yokohama, Kanagawa Prefecture, Japan
Seven Payment Service, Ltd.: Head Office in Chiyoda-ku, Tokyo, Japan

C. Overseas business

FCTI, Inc.: Head Office in the United States
PT. ABADI TAMBAH MULIA INTERNASIONAL: Head Office in Indonesia

5. Plant and equipment investment by the Bank's group

A. Total amount of investment

(Unit: millions of yen)

Reportable Segment	Amount
Domestic business	10,047
Overseas business	744
Total	10,792

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)

Reportable Segment	Details	Amount
Domestic business	ATMs	1,986
	Software	7,589

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 Bank 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	% 45.75 (45.75)	—

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

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

B. Subsidiary, etc.

(As of the end of fiscal year)

Name	Location	Main businesses	Date of Incorporation	Stated Capital	Percentage of voting rights in subsidiaries, etc. owned by the Bank	Others
FCTI, Inc.	California, USA	ATM operation business	August 25, 1993	Millions of U.S. dollars 19	% 100.00	—
PT. ABADI TAMBAH MULIA INTERNASIONAL	Jakarta Special Capital Region, Indonesia	ATM operation	June 10, 2014	100 millions of Indonesian rupiah 900	96.66	—
Bank Business Factory Co., Ltd.	Yokohama, Kanagawa Prefecture, Japan	Commissioned clerical work	July 1, 2014	Millions of yen 50	100.00	—
Seven Payment Service, Ltd.	Chiyoda-ku, Tokyo, Japan	Fund transfer	January 11, 2018	Millions of yen 475	100.00	—

Notes: 1. FCTI Canada, Inc., was liquidated and dissolved during the consolidated fiscal year under review.

2. Other than the above, there are three equity-method affiliates of the Bank.

7. Assignment of business, etc.

Not applicable

8. Other important items concerning the current situation of the Bank's group

Major loan sources

(Unit: millions of yen)

Loan sources	Amount of loans
MUFG Bank, Ltd.	10,000

2 Matters concerning Company officers (Directors and Audit & Supervisory Board Members)

1. Status of Company officers

(As of the end of fiscal year)

Name	Position and business in charge	Important Concurrent Posts	Other
Kensuke Futagoishi	Chairman and Representative Director		—
Yasuaki Funatake	President and Representative Director [Business in Charge] Internal Audit Division	Director, Seven Pay Co., Ltd.	—
Kazuhiko Ishiguro	Director, Senior Managing Executive Officer [Business in Charge] System Development Division, ATM Solution Division and Operation Division		—
Taku Oizumi	Director, Managing Executive Officer [Business in Charge] Asian Project Management Office		—
Hisanao Kawada	Director, Managing Executive Officer, General Manager of Business Promotion Division [Business in Charge] Business Promotion Division, Retail Banking Division, Financial Strategy Project	Director, Seven Financial Service Co., Ltd.	—
Kazutaka Inagaki	Director, Executive Officer, General Manager of Sales Management Division [Business in Charge] Sales Management Division and ATM Administration Division		—
Katsuhiko Goto	Director	Vice President & Representative Director, Seven & i Holdings Co., Ltd.	—
Makoto Kigawa	Director (Outside Director)	Director and Chairman, YAMATO HOLDINGS CO., LTD.; Outside Director, Komatsu Ltd.	—
Toshihiko Itami	Director (Outside Director)	Attorney-at-law (Advisor, Nagashima Ohno & Tsunematsu); Outside Director, TODA CORPORATION	—
Koichi Fukuo	Director (Outside Director)		—
Yukiko Kuroda	Director (Outside Director)	Director/Founder, People Focus Consulting; Outside Director, CAC Holdings Corporation; Outside Member of the Board, Mitsui Chemicals, Inc.; Independent Director, Terumo Corporation	—
Isamu Hirai	Audit & Supervisory Board Member (full-time)		—
Akihiko Shimizu	Audit & Supervisory Board Member (full-time)		*
Naomi Ushio	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Vice President and Professor, Meiji University; Outside Director, POLA ORBIS HOLDINGS INC.	—
Kunihiro Matsuo	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Attorney-at-law (Head of Kunihiro Matsuo Law Firm); Outside Corporate Auditor, TV TOKYO Holdings Corporation	—

Notes: 1. Mr. Akihiko Shimizu has long experience in accounting duties at Seven & i Holdings Co., Ltd., the Bank's parent company, and possesses considerable knowledge of finance and accounting.

2. Mr. Makoto Kigawa, Mr. Koichi Fukuo, Ms. Yukiko Kuroda, Ms. Naomi Ushio and Mr. Kunihiro Matsuo have been registered as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.

2. Remuneration, etc., for Company officers

(Unit: millions of yen)

Category	Number of persons	Remuneration, etc.
Director	14	345 (inclusive of 67 million yen in non-remuneration payments)
Audit & Supervisory Board Member	4	64
Total	18	409 (inclusive of 67 million yen in non-remuneration payments)

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

2. The "Remuneration, etc." in the above table includes 67 million yen of expenses related to stock compensation as "non-remuneration payments" which were granted to 6 Directors.

3. There are no officers' bonuses or retirement benefits for Directors and Audit & Supervisory Board Members.

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, by resolution of the 16th Ordinary General Meeting of Shareholders held on June 19, 2017, a limit of 400 million yen as the total amount for three fiscal years was set for remuneration, etc., based on the Performance-Based Stock Compensation Plan. Stock compensation-type stock options have not been issued.

5. The annual limit of remuneration for Audit & Supervisory Board Members was determined to be 100 million yen by resolution of the 7th Ordinary General Meeting of Shareholders held on June 18, 2008.

3. Liability limitation agreements

Name	Outline of Liability Limitation Agreement
Katsuhiro Goto Makoto Kigawa Toshihiko Itami Koichi Fukuo Yukiko Kuroda Isamu Hirai Akihiko Shimizu Naomi Ushio Kunihiro Matsuo	On the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, the Bank has concluded agreements 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.

3 Matters concerning Outside Company officers

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

Name	Concurrent posts, etc.
Makoto Kigawa	Director and Chairman, YAMATO HOLDINGS CO., LTD.; Outside Director, Komatsu Ltd. There are no major business interests and other relationships between the Bank and Komatsu Ltd. or YAMATO HOLDINGS CO., LTD.
Toshihiko Itami	Attorney-at-law (Advisor, Nagashima Ohno & Tsunematsu); Outside Director, TODA CORPORATION There are no major business interests and other relationships between the Bank and Nagashima Ohno & Tsunematsu or TODA CORPORATION.
Koichi Fukuo	
Yukiko Kuroda	Director/Founder, People Focus Consulting; Outside Director, CAC Holdings Corporation; Outside Member of the Board, Mitsui Chemicals, Inc.; Independent Director, Terumo Corporation There are no major business interests and other relationships between the Bank and People Focus Consulting, CAC Holdings Corporation, Mitsui Chemicals, Inc., or Terumo Corporation.
Naomi Ushio	Vice President and Professor, Meiji University; Outside Director, POLA ORBIS HOLDINGS INC. There are no major business interests and other relationships between the Bank and Meiji University or POLA ORBIS HOLDINGS INC.
Kunihiro Matsuo	Attorney-at-law (Head of Kunihiro Matsuo Law Firm); Outside Corporate Auditor, TV TOKYO Holdings Corporation There are no major business interests and other relationships between the Bank and Kunihiro Matsuo Law Firm or TV TOKYO Holdings Corporation.

2. Contribution of Outside Company officers

Name	Appointment period	Attendance at meetings of the Board of Directors, etc., during fiscal 2018	Verbal input and other contributions at meetings of the Board of Directors, etc.
Makoto Kigawa	June 2018 to present	Attended 8 of 10 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Toshihiko Itami	June 2018 to present	Attended all 10 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 his experience as an Attorney-at-law
Koichi Fukuo	June 2018 to present	Attended all 10 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Yukiko Kuroda	June 2018 to present	Attended all 10 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as a management executive.
Naomi Ushio	June 2011 to present	Attended 12 of 13 meetings of the Board of Directors Attended 13 of 14 meetings of the Audit & Supervisory Board.	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 all 13 meetings of the Board of Directors Attended all 14 meetings of the Audit & Supervisory Board.	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as an Attorney-at-law

Note: Attendance of Mr. Makoto Kigawa, Mr. Toshihiko Itami, Mr. Koichi Fukuo and Ms. Yukiko Kuroda is only with regard to the Board of Directors meetings that were held after they assumed office as Director on June 19, 2018.

3. 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	49	—

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

4. Input from Outside Company officers

Not applicable

4 Matters concerning shares of the Bank

1. Number of shares	Total number of shares available for issuance	Common stock	4,763,632 thousand shares
	Total number of shares issued	Common stock	1,192,464 thousand shares

2. Number of Shareholders as at the end of fiscal 2018 97,734

3. Major shareholders

Shareholder name	Shareholding in the Bank	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	(thousand shares) 453,639	38.04
Ito-Yokado Co., Ltd.	46,961	3.93
York-Benimaru Co., Ltd.	45,000	3.77
Japan Trustee Services Bank, Ltd. (trust account)	43,626	3.65
The Master Trust Bank of Japan, Ltd. (trust account)	42,760	3.58
Sumitomo Mitsui Banking Corporation	15,000	1.25
The Dai-ichi Life Insurance Company, Limited	15,000	1.25
Japan Trustee Services Bank, Ltd. (trust account 9)	13,565	1.13
Japan Trustee Services Bank, Ltd. (trust account 5)	13,115	1.09
STATE STREET CLIENT OMNIBUS ACCOUNT OM44	11,464	0.96

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. The number of shares of treasury stock does not include the Bank's shares (831 thousand shares) held by the BIP Trust for officer remuneration and the ESOP Trust, which grants the Bank's shares.

4. Other important items concerning the Bank's shares

Not applicable

4 Matters concerning the Bank's subscription rights to shares, etc.

1. The Bank'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 : 45 Number and type of shares to be acquired for : 45,000 shares of common stock of the Bank (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	2
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 55 Number and type of shares to be acquired for : 55,000 shares of common stock of the Bank (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	2
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 9 shares Number and type of shares to be acquired for : 9,000 shares of common stock of the Bank (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 4, 2009, to August 3, 2039 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 180 shares Number and type of shares to be acquired for : 180,000 shares of common stock of the Bank (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 10, 2010, to August 9, 2040) shares	3
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 187 Number and type of shares to be acquired for : 187,000 shares of common stock of the Bank (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	3
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 Bank (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	—	—
Audit & Supervisory Board Members	—	—

	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 : 171 Number and type of shares to be acquired for : 171,000 shares of common stock of the Bank (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 shares	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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-(2) Subscription rights to shares Issuance decided : July 6, 2012 Number of subscription rights to shares : 10 Number and type of shares to be acquired for : 10,000 shares of common stock of the Bank (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 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 107 Number and type of shares to be acquired for : 107,000 shares of common stock of the Bank (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 shares	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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-(2) Subscription rights to shares Issuance decided : July 5, 2013 Number of subscription rights to shares : 5 Number and type of shares to be acquired for : 5,000 shares of common stock of the Bank (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 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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 : 98 Number and type of shares to be acquired for : 98,000 shares of common stock of the Bank (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	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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-(2) Subscription rights to shares Issuance decided : July 4, 2014 Number of subscription rights to shares : 5 Number and type of shares to be acquired for : 5,000 shares of common stock of the Bank (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	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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., Eighth Round-(1) Subscription rights to shares Issuance decided : July 3, 2015 Number of subscription rights to shares : 70 Number and type of shares to be acquired for : 70,000 shares of common stock of the Bank (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 11, 2015, to August 10, 2045	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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., Eighth Round-(2) Subscription rights to shares Issuance decided : July 3, 2015 Number of subscription rights to shares : 5 Number and type of shares to be acquired for : 5,000 shares of common stock of the Bank (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 11, 2015, to August 10, 2045	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	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., Ninth Round-(1) Subscription rights to shares Issuance decided : July 1, 2016 Number of subscription rights to shares : 185 Number and type of shares to be acquired for : 185,000 shares of common stock of the Bank (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, 2016, to August 8, 2046 shares	5
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

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 Bank's subscription rights to shares, etc., granted to employees, etc., during the fiscal year

Not applicable.

System for ensuring the suitable maintenance of operations

(1) Contents of resolutions made at the Board of Directors

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 Bank in accordance with Article 362, Paragraph 4, Item 6, of the Companies Act. In regard to this resolution, each fiscal year the Bank 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 "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 Audit & Supervisory Board Members.
- 3) Regulations and other structures for controlling the risk of loss
The Board of Directors has established a "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 Bank'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 "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 Bank, as members of the Seven & i 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 Bank's management, the Bank 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 Bank and its subsidiaries, the Board of Directors formulates the "Policy to Manage Subsidiaries," and, based on such "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 Audit & Supervisory Board Members for the deployment of the Bank's employees to support the role of Audit & Supervisory Board Members
The Bank shall install the Audit & Supervisory Board Members' Office and deploy employees dedicated for the Audit & Supervisory Board Members' Office to support the role of Audit & Supervisory Board Members. In addition, the Directors shall, when requested by the Audit & Supervisory Board Members, have employees assist with the audit function.
- 8) Items concerning the independence of the Bank's employees dedicated to the Audit &

Supervisory Board Members' Office from the Directors

Concerning the employees dedicated to the Audit & Supervisory Board Members' Office, the Officers in charge of the Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning personnel transfers, performance evaluations of the personnel and disciplinary actions.

- 9) Items concerning ensuring the effectiveness of instructions given to the employees who assist Audit & Supervisory Board Members with their audit duties

The Bank shall ensure the appropriate number of employees dedicated to the Audit & Supervisory Board Members' Office and the authority to give instructions and orders to such employees shall belong to the Audit & Supervisory Board Members. Concerning the employees dedicated to the Audit & Supervisory Board Members' Office, the Officers in charge of the Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning personnel transfers, performance evaluations of the personnel and disciplinary actions. Moreover, the employees dedicated to the Audit & Supervisory Board Members' Office shall have an authority to investigate the appropriateness of duties and collect necessary information.

- 10) System for reports to the Bank's Audit & Supervisory Board Members made by Directors and employees

Directors shall receive explanation as necessary from the Audit & Supervisory Board regarding the audit policy, the audit plan, the status of implementation of audits and the audit results. Directors shall determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and shall duly make their report to the Audit & Supervisory Board. Directors and employees shall promptly report to the Audit & Supervisory Board matters that have a significant impact on the overall company, the status of implementation of internal audits and important matters related to compliance in addition to legal issues. With regard to subsidiaries, a division in charge of subsidiaries shall be installed inside the Bank and such a division shall receive reports from directors and employees of the subsidiaries regarding each subsidiary's business operation and internal management related to compliance and risk management and other situations. The content reported from subsidiaries to the division shall be reported by the division to the Audit & Supervisory Board Members as necessary.

- 11) System for ensuring that persons who report to the Audit & Supervisory Board Members do not receive unreasonable treatment because of the reporting

As a system to ensure that persons who report to the Audit & Supervisory Board Members do not receive unreasonable treatment because of the reporting, the Bank shall streamline the related internal rules and appropriately implement such rules.

- 12) Matters related to the procedures for prepayment or reimbursement of expenses incurred by the execution of duties by the Audit & Supervisory Board Members or policies related to other processing of expenses or obligations incurred by execution of duties by the Audit & Supervisory Board Members

Concerning expenses for regular audit duties, a relevant budget shall be made according to the audit plan formulated by the Audit & Supervisory Board Members. With regard to expenses for emergency audits or extraordinary expenses, the reimbursement of such expenses can be requested afterward.

- 13) Other systems for ensuring the effectiveness of audits by the Audit & Supervisory Board Members

Directors and the Internal Audit Division shall regularly hold meetings with the Audit & Supervisory Board, exchange opinions concerning important audit issues, etc., and deepen mutual understanding.

- (2) Status of operation of the structure for the maintenance of the appropriateness of the Bank's operations

Outline of the status of operation of the structure for the maintenance of the appropriateness of the Bank's operations for the fiscal year under review is as follows.

- 1) Compliance system

The Bank has a Compliance Committee installed for the purpose of inspecting and evaluating the company-wide compliance from the perspective of comprehensive management and operation. During the fiscal year under review, the Compliance

Committee met three times, understanding compliance-related issues and discussing the measures to address such issues. Furthermore, various kinds of training were conducted concerning “thorough information management” as a priority issue under a compliance program of the Bank.

2) Risk management system

The Bank has a Risk Management Committee installed for the purpose of deliberating on important matters regarding the status of risk management reported from the Risk Management Division controlling each risk and reporting the content to the Executive Committee. During the fiscal year under review, the Risk Management Committee met five times, receiving reports from the Risk Management Division controlling each risk concerning the risk management status and evaluation, etc., and discussing measures to address such risks.

3) Execution of duties by Directors

During the fiscal year under review, the Board of Directors held 13 meetings to determine matters stipulated by laws and regulations, as well as the Bank’s Articles of Incorporation. In addition, the board determined management policy, formulated a budget and determined other important managerial matters; analyzed and evaluated monthly business performance; and deliberated from the perspectives of compliance with laws, regulations and the Bank’s Articles of Incorporation, as well as the appropriateness of business duties. In addition, during the fiscal year under review, the Board of Directors implemented measures to enrich the content of deliberation and enhance the efficiency of deliberation, such as explaining to Outside Directors beforehand on certain issues that might have a significant effect on management and making efforts to further deepen an understanding of the bank’s business operation.

4) Group management structure

Regarding the subsidiaries’ business plans that the Bank approved, the Bank gives the subsidiaries some room for their discretion in the execution of business within the approved range. Then, the Board of Directors, at its meetings, shall receive reports from directors, etc., of subsidiaries regarding the status of management, etc., of such subsidiaries to understand the current situation. In addition, the Bank’s Internal Audit Division regularly audits business operation of subsidiaries.

5) Execution of duties by the Audit & Supervisory Board Members

The Bank’s Audit & Supervisory Board consists of four Audit & Supervisory Board Members including two Outside Audit & Supervisory Board Members. During the fiscal year under review, the Audit & Supervisory Board held 14 meetings, receiving reports from full-time Audit & Supervisory Board Members with regard to the current status of the Bank and exchanging opinions among the Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members attend important meetings such as Board of Directors meetings and the Executive Committee meetings, regularly exchanging information with Representative Directors, the Accounting Auditor and the Internal Audit Division, thereby monitoring Directors’ execution of duties.

6) Ensuring the effectiveness of audits by the Audit & Supervisory Board Members

To support the role of the Audit & Supervisory Board Members, the Bank has the Audit & Supervisory Board Members’ Office with two employees dedicated to the office, assisting the Audit & Supervisory Board Members with their duties. Directors receive explanation as necessary from the Audit & Supervisory Board regarding the audit policy, the audit plan, the status of implementation of audits and the audit results. Directors determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and they are duly reporting to the Audit & Supervisory Board. Directors and employees of the Bank and directors and employees of the subsidiaries report to the Audit & Supervisory Board Members as necessary regarding matters that have a significant impact on the overall company, the status of implementation of the internal audits and important matters related to compliance in addition to legal issues.

5 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 Yukihiisa Tatsumi CPA Tomoaki Takeuchi	56	(Reason for the Bank's Audit & Supervisory Board giving consent as to remuneration, etc., paid to the Accounting Auditors) Receiving the report on the Accounting Auditors' accounting audit plan for the current fiscal year and other documents, inspecting the previous year's audit performance by the accounting auditors and, based on its evaluation, the Bank's Audit & Supervisory Board verified the adequacy of estimated hours and the amount paid for the audit duties. As a result, the board judged that the remuneration, etc., for the accounting auditors is appropriate, therefore it gave consent under Article 399, Paragraph 1, of the Companies Act.

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

2. In audit contracts between the Bank 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. The Bank pays the 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.
4. Total amount of money and other property benefits payable to the Accounting Auditors by the Bank and its subsidiary corporations or entities: 58 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 Bank's Audit & Supervisory Board 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 Audit & Supervisory Board Members. Furthermore, the Bank's Audit & Supervisory Board may, in consideration of the work conducted by the Accounting Auditors and the Bank'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. 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:

PT. ABADI TAMBAH MULIA INTERNASIONAL was audited by an audit corporation other than the Accounting Auditors of the Bank (including a body with an equivalent qualification in a foreign jurisdiction).

6 Basic policy concerning the current status of persons supervising the determination of financial and operational policy

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

7 Matters concerning specific wholly owned subsidiaries

Not applicable

8 Matters concerning transactions with the Bank's parent company and others

Not applicable

9 Matters concerning accounting advisors

Not applicable

10 Other

Policy concerning the exercise of authority granted to the Board of Directors by the provisions of the Articles of Incorporation under the terms of Article 459, Paragraph 1, of the Companies Act

One of the most important aspects of the Bank's management policy is the return of profits to shareholders; therefore, it is a key policy of the Bank 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 Bank's basic policy is the targeting of an annual minimum payout ratio of 40% and the payment of dividends twice (i.e., an interim dividend and a year-end dividend) during the fiscal year.

Balance Sheet
at the End of the 18th Term (as of March 31, 2019)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	778,018	Deposits	679,730
Cash	646,618	Ordinary deposits	447,827
Due from banks	131,400	Time deposits	231,503
Securities	92,728	Other deposits	399
Municipal bonds	30,864	Negotiable certificates of deposits	810
Bonds	45,818	Borrowed money	10,000
Stocks	7,068	Borrowings	10,000
Other securities	8,976	Bonds	135,000
Loans receivable	23,439	Other liabilities	99,761
Loan on deeds	751	Income taxes payable	6,973
Current overdrafts	22,688	Accrued expenses	5,926
Foreign exchanges	0	ATM-related temporary advances	80,853
Due from foreign banks	0	Asset retirement obligations	362
Other assets	206,775	Other	5,645
Prepaid expenses	880	Reserve for bonuses	374
Accrued income	9,265	Reserve for stocks payment	166
ATM-related temporary payments	194,875	Total liabilities	925,843
Other	1,753	(Net assets)	
Tangible fixed assets	12,155	Capital stock	30,679
Buildings	1,645	Capital surplus	30,679
ATMs	8,166	Legal capital surplus	30,679
Other (tangible fixed assets)	2,343	Retained earnings	157,847
Intangible fixed assets	24,828	Legal retained earnings	0
Software	20,417	Other retained earnings	157,847
Software-related temporary accounts	4,407	Retained earnings brought forward	157,847
Other (intangible fixed assets)	4	Treasury stock	(352)
Prepaid pension cost	172	Total shareholders' equity	218,854
Deferred tax assets	7,510	Valuation difference on available-for-sale securities	492
Allowance for losses	(118)	Total valuation and translation adjustments	492
		Subscription rights to shares	320
		Total net assets	219,667
Total assets	1,145,511	Total liabilities and net assets	1,145,511

Statement of Income
for the 18th Term (from April 1, 2018, to March 31, 2019)

(Unit: million yen)

Category	Amount	
Ordinary income		119,567
Interest income	3,542	
Interest on loans receivable	3,433	
Interest and dividends on securities	21	
Interest on call loans	0	
Interest on deposits with banks	86	
Fees and commissions income	114,783	
Remittance-related fee income	2,750	
ATM-related fee income	107,827	
Other fees and commissions income	4,205	
Other ordinary income	325	
Gains on foreign exchange transactions	325	
Other income	916	
Gain on reversal of allowance for credit losses	74	
Other	842	
Ordinary expenses		76,507
Interest expenses	682	
Interest on deposits with banks	119	
Interest on negotiable certificates of deposits	0	
Interest on call money	(37)	
Interest on borrowings and rediscounts	69	
Interest on bonds	530	
Fees and commissions expenses	19,282	
Remittance-related fee expense	1,476	
ATM placement fee expenses	15,029	
ATM-related fee expenses	952	
Other fees and commissions expenses	1,825	
Other ordinary expenses	116	
Amortization of bond issuance cost	116	
General and administrative expenses	56,352	
Other expenses	72	
Written-off equity securities	49	
Other expenses	22	
Ordinary profit		43,059
Extraordinary losses		22,033
Losses on disposal of noncurrent assets	144	
Losses on valuation of shares of subsidiaries and affiliates	21,889	
Income before income taxes		21,026
Income taxes - current	13,065	
Income taxes - deferred	(6,611)	
Total income taxes		6,454
Net income		14,572

Statement of Changes in Net Assets
for the 18th Term (from April 1, 2018, to March 31, 2019)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2018	30,572	30,572	30,572	0	155,493	155,493	(380)	216,258
Changes in items during the period								
Issuance of new shares	106	106	106	—	—	—	—	213
Dividends from surplus	—	—	—	—	(12,217)	(12,217)	—	(12,217)
Net income	—	—	—	—	14,572	14,572	—	14,572
Disposal of treasury stock	—	—	—	—	—	—	27	27
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the period	106	106	106	—	2,354	2,354	27	2,595
Balance as of March 31, 2019	30,679	30,679	30,679	0	157,847	157,847	(352)	218,854

	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, 2018	244	244	533	217,036
Changes in items during the period				
Issuance of new shares	—	—	—	213
Dividends from surplus	—	—	—	(12,217)
Net income	—	—	—	14,572
Disposal of treasury stock	—	—	—	27
Net changes of items other than shareholders' equity	248	248	(212)	35
Total changes of items during the period	248	248	(212)	2,631
Balance as of March 31, 2019	492	492	320	219,667

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

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

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

3. Method for accounting for deferred assets

Bond issuance cost is recorded in its total amount as an expense at the time of occurrence.

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 losses

An allowance for losses is provided as detailed below in accordance with the Bank'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 losses is provided based on the Bank'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" (Bank Audit Special Committee Report No. 4 issued on July 4, 2012, by The Japanese Institute of Certified Public Accountants (JICPA)). For credits to obligors classified as bankruptcy risk obligors, the allowance for 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 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 Bank's Risk Management Division, which is independent from the Bank'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 Bank's other divisions and the Risk Management Division. The allowance is provided based on the results of these assessments.

(2) Reserve for bonuses

The Bank 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.

Net actuarial difference is amortized as follows:

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.

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.

(4) Reserve for stocks payment

Reserve for directors' benefit trust is provided for possible payment for allocation of the Bank's shares based on the "Rules for Stock Allocation to Directors" and the "Rules for Stock Allocation to Executive Officers" to Directors (excluding non-executive Directors and Directors residing overseas) and Executive Officers (excluding those residing overseas), respectively, in the amount calculated based on projected stock allocation obligations as of the fiscal year-end.

6. Method of accounting for hedge transactions

(1) 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.

(2) Foreign exchange fluctuation risk

The accounting method translating foreign currency receivables at forward rate is applied as a hedge accounting method for the risk related to changes in foreign exchange rates of monetary claims denominated in foreign currencies.

7. Consumption taxes

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

Additional information

(Performance-based stock compensation plan for Directors and Executive Officers)

A performance-based stock compensation plan has been adopted for the Bank's Directors (excluding non-executive Directors and Directors residing overseas) and Executive Officers (excluding those residing overseas).

The outline of the plan is as described in "Additional information" in the "Explanatory Notes (Consolidated)."

Important notes

(Balance sheet)

1. Total amount of stocks (and investments in) of subsidiaries and affiliates: 11,859 million yen
2. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 31 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 33 million yen. The amounts of credits stated in Nos. 2 to 5 above are amounts prior to the deduction of the allowance for losses.
6. For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 76,683 million yen in available-for-sale securities have been provided. Also, 1,259 million yen in guarantees and a deposit of 400 million yen in a central counterparty clearinghouse (CCP) 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 18,661 million yen. This includes the unused balance of funds in the amount of 18,661 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 60,362 million yen
9. Total monetary claims on subsidiaries and affiliates 912 million yen
10. Total monetary liabilities payable to subsidiaries and affiliates 90,214 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 legal capital surplus or retained earnings.

No amount is accounted for in legal capital surplus and in retained earnings associated with the dividends to be paid from retained earnings during this fiscal year.

(Statement of income)

Profit from trading with subsidiaries and affiliates

Total income from fund management transactions	43 million yen
Total income from fee transactions, etc.	1,032 million yen
Total income from other transactions and other ordinary transactions	93 million yen

Costs deriving from transactions with subsidiaries and affiliates

Total costs deriving from fund raising transactions	0 million yen
Total costs deriving from fee transactions, etc.	13,570 million yen
Total costs deriving from other transactions	857 million yen

Losses on valuation of shares of subsidiaries and affiliates of 21,889 million yen occurred upon the valuation of three consolidated subsidiaries of the Bank including FCTI, Inc.

(Statement of changes in net assets)

The types and number of shares of treasury stock of the Bank 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	896	—	64	831	(Notes 1, 2)
Total	896	—	64	831	

Notes:

1. The number of treasury shares decreased by 64 thousand due to the delivery of the Bank's shares for the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.
2. The numbers of treasury shares as of April 1, 2018 and March 31, 2019 include 896 thousand shares and 831 thousand shares of the Bank, respectively, held by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

(Securities)

1. Securities held for trading purposes (as of March 31, 2019)
Not applicable
2. Bonds held to maturity (as of March 31, 2019)
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2019)
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	6,849
Stocks of affiliates and others	5,009
Total	11,859

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, 2019)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	626	151	474
	Bonds	40,112	40,094	18
	Municipal bonds	21,556	21,544	11
	Corporate bonds	18,555	18,549	6
	Subtotal	40,738	40,246	492
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds	36,571	36,575	(4)
	Municipal bonds	9,308	9,309	(0)
	Corporate bonds	27,262	27,266	(3)
	Subtotal	36,571	36,575	(4)
Total		77,309	76,821	488

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

Classification	Balance sheet amount (million yen)
Unlisted stocks	515
Subscription rights to shares	50
Investments in partnership	2,993
Total	3,558

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. Also, for the fiscal year under review, impairment was applied to unlisted stocks, recording an impairment loss of 49 million yen.

5. Bonds held to maturity sold during the fiscal year (from April 1, 2018, to March 31, 2019)
Not applicable

6. Other securities sold during the fiscal year (from April 1, 2018, to March 31, 2019)
Not applicable

7. Changes in purpose of holding securities
Not applicable

8. Securities to which impairment is applied
Not applicable

(Money held in trust)

Not applicable

(Tax effect accounting)

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

Deferred tax assets:	(million yen)
Losses on valuation of shares of subsidiaries and affiliates	6,717
Unpaid corporate tax	388
Excess depreciation charge	208
Reserve for bonuses	114
Asset retirement obligations	110
Stock options-related expenses	98
Reserve for stocks payment	51
Investments in partnership	46
Excess bad debt reserve	36
Accrued expenses (previously Provision for directors' retirement benefits)	6
Other	34
Total deferred tax assets	7,813
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(217)
Prepaid pension cost	(52)
Adjustment to tangible fixed assets related to asset retirement obligations	(30)
Other	(2)
Total deferred tax liabilities	(303)
Net deferred tax assets	7,510

(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 38.04%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	13,570	Accrued expenses (Note 2)	1,307

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 amount, 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.

None

(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	184.07 yen
Basic earnings per share	12.23 yen
Diluted earnings per share	12.21 yen

Notes: The Bank has adopted the BIP Trust for officer remuneration and the ESOP Trust for stock allocation. The Bank's shares held by these trusts are included in the number of treasury shares, which are deducted from the total number of shares issued as of the end of the fiscal year, to calculate Net assets per share. The number of treasury shares that were deducted at the end of the fiscal year was 831 thousand. They are also included in the treasury shares deducted in the calculation of the average number of shares for the period as part of the calculation of Basic earnings per share and Diluted earnings per share. The average number of treasury shares deducted for the fiscal year under review was 852 thousand.

(Significant subsequent events)

(Purchase and disposal of treasury stock)

The Bank, at its Board of Directors meeting held on May 10, 2019, determined matters related to the purchase of treasury stock based on Article 165, Paragraph 2, of the Companies Act and Article 6 of the Bank's Articles of Incorporation, as well as matters related to the disposal of treasury stock based on the provisions in Article 178 of the Companies Act. The related outline is as described in (Significant subsequent events) of Explanatory Notes (Consolidated).

Consolidated Balance Sheets
at the End of the 18th Term (as of March 31, 2019)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	780,650	Deposits	678,664
Securities	85,639	Negotiable certificates of deposits	810
Loans receivable	22,688	Borrowed money	10,000
Foreign exchanges	0	Bonds	135,000
ATM-related temporary payments	194,910	ATM-related temporary advances	80,853
Other assets	15,074	Other liabilities	22,816
Tangible fixed assets	15,155	Reserve for bonuses	537
Buildings	1,669	Net defined benefit liability	2
ATMs	11,062	Reserve for directors' retirement benefits	5
Other (tangible fixed assets)	2,424	Reserve for stocks payment	166
Intangible fixed assets	26,655	Deferred tax liabilities	179
Software	20,708	Total liabilities	929,036
Other (intangible fixed assets)	5,946	(Net assets)	
Net defined benefit asset	444	Capital stock	30,679
Deferred tax assets	732	Capital surplus	30,661
Allowance for losses	(23)	Retained earnings	147,094
		Treasury stock	(352)
		Total shareholders' equity	208,083
		Valuation difference on available-for-sale securities	492
		Foreign currency translation adjustment	3,798
		Remeasurements of defined benefit plans	182
		Total accumulated other comprehensive income	4,473
		Subscription rights to shares	320
		Non-controlling interests	11
		Total net assets	212,890
Total assets	1,141,926	Total liabilities and net assets	1,141,926

Consolidated Statements of Income
for the 18th Term (from April 1, 2018, to March 31, 2019)

(Unit: million yen)

Category	Amount	
Ordinary income		147,288
Interest income	3,529	
Interest on loans receivable	3,419	
Interest and dividends on securities	21	
Interest on call loans	0	
Interest on deposits with banks	87	
Fees and commissions income	142,614	
Remittance-related fee income	2,750	
ATM-related fee income	135,324	
Other fees and commissions income	4,538	
Other ordinary income	275	
Other income	869	
Gain on reversal of allowance for losses	13	
Other	856	
Ordinary expenses		106,574
Interest expenses	686	
Interest on deposits with banks	119	
Interest on negotiable certificates of deposits	0	
Interest on call money	(37)	
Interest on borrowings and rediscounts	74	
Interest on bonds	530	
Fees and commissions expenses	39,236	
Remittance-related fee expense	1,476	
ATM placement fee expenses	30,511	
ATM-related fee expenses	4,499	
Other fees and commissions expenses	2,749	
Other ordinary expenses	116	
General and administrative expenses	66,070	
Other expenses	462	
Other expenses	462	
Ordinary profit		40,714
Extraordinary losses		14,970
Losses on disposal of noncurrent assets	139	
Impairment loss	14,830	
Income before income taxes		25,744
Income taxes - current	13,119	
Income taxes - deferred	(605)	
Total income taxes		12,513
Net income		13,230
Loss attributable to non-controlling shareholders		(5)
Net income attributable to owners of the parent		13,236

Consolidated Statements of Changes in Net Assets

for the 18th Term (from April 1, 2018, to March 31, 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	30,572	30,554	146,075	(380)	206,823
Changes in items during the period					
Issuance of new shares	106	106	–	–	213
Dividends from surplus	–	–	(12,217)	–	(12,217)
Net income attributable to owners of the parent	–	–	13,236	–	13,236
Disposal of treasury stock	–	–	–	27	27
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes in items during the period	106	106	1,018	27	1,260
Balance as of March 31, 2019	30,679	30,661	147,094	(352)	208,083

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling 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, 2018	244	4,308	98	4,651	533	18	212,027
Changes in items during the period							
Issuance of new shares	–	–	–	–	–	–	213
Dividends from surplus	–	–	–	–	–	–	(12,217)
Net income attributable to owners of the parent	–	–	–	–	–	–	13,236
Disposal of treasury stock	–	–	–	–	–	–	27
Net changes in items other than shareholders' equity	248	(509)	83	(177)	(212)	(7)	(397)
Total changes in items during the period	248	(509)	83	(177)	(212)	(7)	862
Balance as of March 31, 2019	492	3,798	182	4,473	320	11	212,890

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: 4

Name of the subsidiary firm (corporation): FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., and Seven Payment Service, Ltd.
(Change in the scope of consolidation)

FCTI Canada, Inc., which was liquidated and dissolved during the consolidated fiscal year under review and ceased to be a subsidiary of the Bank, has been removed from the scope of consolidation.

- (2) Unconsolidated subsidiary firms and subsidiary corporations:

Not applicable

2. Application of the equity method

- (1) Unconsolidated subsidiary firms and subsidiary corporations to which the equity method is applied

Not applicable

- (2) Affiliates and others to which the equity method is applied: 3

Name of affiliates: Seven Pay Co., Ltd., TORANOTEC Ltd., and TORANOTEC Asset Management Ltd.

(Change in the scope of application of the equity method)

From the consolidated fiscal year under review, Seven Pay Co., Ltd., which was established via joint investments with Seven Financial Service Co., Ltd., has been newly included in the scope of application of the equity method. Also, TORANOTEC Ltd., and TORANOTEC Asset Management Ltd., which the Bank acquired by purchasing shares, etc., were newly included in the scope of application of the equity method.

- (3) Unconsolidated subsidiary firms and subsidiary corporations to which the equity method is not applied

Not applicable

- (4) Affiliates and others to which the equity method is not applied

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: 2 companies

- (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 5–10 years. However, if the amount is insignificant, the corresponding goodwill is recorded as an expense at the time of occurrence.

Accounting policies

- (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) Basis and methodology for the valuation of derivative transactions

Derivative transactions are stated at their market values.

(3) Method for calculating depreciation of fixed assets

1) Tangible fixed assets

Depreciation of tangible fixed assets of the Bank 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

Intangible fixed assets are amortized using the straight-line method. Software utilized by the Bank and its consolidated subsidiary firms and subsidiary corporations is amortized over the period in which it is expected to be utilized (mainly five years).

(4) Provisioning standards

1) Allowance for losses

An allowance for losses is provided as detailed below in accordance with the Bank'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 losses is provided based on the Bank'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" (Bank Audit Special Committee Report No. 4 issued on July 4, 2012, by The Japanese Institute of Certified Public Accountants (JICPA)). For credits to obligors classified as bankruptcy risk obligors, the allowance for 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 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 Bank's Risk Management Division, which is independent from the Bank'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 Bank's other divisions and the Risk Management Division. The allowance is provided based on the results of these assessments.

2) Reserve for bonuses

The reserve for bonuses is provided for employees in the amount of estimated bonuses attributed to the relevant consolidated fiscal year.

3) Reserve for directors' retirement benefits

Reserve for directors' retirement benefits is provided at part of the Bank's consolidated subsidiaries to prepare for possible payments of retirement benefits to their directors in the amount of the projected retirement benefits for their service years up to the end of the consolidated fiscal year under review.

4) Reserve for stocks payment

Reserve for directors' benefit trust is provided for possible payment for allocation of the Bank's shares based on the "Rules for Stock Allocation to Directors" and the "Rules for Stock Allocation to Executive Officers" to Directors (excluding non-executive Directors and Directors residing overseas) and Executive Officers (excluding those residing overseas), respectively, in the amount calculated based on the projected stock allocation obligations

as of the end of the consolidated fiscal year under review.

(5) 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. Net actuarial difference is amortized as follows:

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.

(6) Translation of assets and liabilities denominated in foreign currencies

The Bank'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.

(7) 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.

(8) Consumption taxes

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

(Additional information)

(Performance-based stock compensation plan for Directors)

The Bank has adopted a performance-based stock compensation plan for the Bank's Directors (excluding non-executive directors and those who are residing overseas, the same applies below), using the BIP Trust for officer remuneration (this "Plan" below) to further raise their motivation to contribute to medium- to long-term continual improvement in business performance.

Related to this trust contract, the Bank applies an accounting treatment method in line with the "Practical Solution on Transactions of Delivering the Bank's Own Stock to Employees, etc., through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(1) Outline of the transaction

This Plan is a performance-based stock compensation plan in which the Bank's shares are purchased via the Trust using the money contributed by the Bank as a source fund and the Bank's shares, etc., are delivered to Directors via the Trust in accordance with the Rules for Stock Allocation to Directors. The timing for Directors to receive the Bank's shares, etc., shall be at the time of retirement of each Director, in principle.

(2) The Bank's shares remaining in the Trust

The Bank's shares remaining in the Trust are recorded as Treasury stock under Net assets at the book value in the Trust (excluding the amount of expenses for acquiring shares). The book value of such shares as of the end of the consolidated fiscal year was 253 million yen and the number of such shares was 596 thousand.

(Performance-based stock compensation plan for Executive Officers)

The Bank has adopted a performance-based stock compensation plan for the Bank's Executive Officers (excluding those who are residing overseas, the same applies below), using the ESOP Trust for stock allocation (this "Plan" below) to further raise their motivation to contribute to medium- to long-term continual improvement in business performance.

Related to this trust contract, the Bank applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(1) Outline of the transaction

This Plan is a performance-based stock compensation plan in which the Bank's shares are purchased via the Trust using the money contributed by the Bank as a source fund and the Bank's shares, etc., are delivered to Executive Officers via the Trust in accordance with the Rules for Stock Allocation to Executive Officers. The timing for Executive Officers to receive the Bank's shares, etc., shall be at the time of retirement of each Executive Officer, in principle.

(2) The Bank's shares remaining in the Trust

The Bank's shares remaining in the Trust are recorded as Treasury stock under Net assets at the book value at the Trust (excluding the amount of expenses for acquiring shares). The book value of such shares as of the end of the consolidated fiscal year was 99 million yen and the number of such shares was 234 thousand.

Important notes

(Consolidated balance sheets)

- Total amount of stocks of (and investments in) subsidiaries and affiliates (excluding stocks of [and investments in] consolidated subsidiary firms and subsidiary corporations): 4,770 million yen
- Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 31 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.
- 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.
- 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.
- Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 33 million yen. The amounts of credits stated in Nos. 2 to 5 above are amounts prior to the deduction of the allowance for losses.
- For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 76,683 million yen in available-for-sale securities have been provided. Also, 1,318 million yen in guarantees and a deposit of 400 million yen in a central counterparty clearinghouse (CCP) are included in Other Assets.
- 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 18,661 million yen. This includes the unused balance of funds in the amount of 18,661 million yen under agreements in which the original term is one year or less.
- Accumulated depreciation for tangible fixed assets 63,957 million yen

(Consolidated statement of income)

Impairment loss

The Bank’s group recorded an impairment loss in the following asset groups.

(Unit: million yen)

Location	Purpose	Type	Amount
United States	Assets for business use	Buildings	20
		ATMs	3,918
		Other tangible fixed assets	111
		Software	305
		Other intangible fixed assets	2,720
		Other assets	3,557
	–	Goodwill	4,079
Indonesia	Assets for business use	Buildings	6
		ATMs	99
		Other tangible fixed assets	3
		Software	9
Total			14,830

The groupings of assets of Bank’s group are done individually by companies, in which each company is treated as the

smallest unit that creates cash flow.

Concerning the above asset groups, asset performance has been below the Bank's initially formulated plan. We reviewed our future business plan and concluded that invested amounts will not be recoverable. Therefore, by deducting the book value of those assets to the recoverable amount, such deducted amount was recorded as an impairment loss as an extraordinary loss.

The recoverable amount of each asset group, which is measured based on value in use, is calculated by discounting the present value by future cash flow by 11.5%. However, assets without a prospect of future cash flow are evaluated assuming that their recoverable amount is zero.

(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	1,191,528	936	—	1,192,464	(Note 1)
Total	1,191,528	936	—	1,192,464	
Treasury stock					
Common stock	896	—	64	831	(Notes 2, 3)
Total	896	—	64	831	

Notes: 1. 936 thousand shares increase of common stock resulted from the exercise of subscription rights to shares.

2. 64 thousand shares decrease of treasury stock resulted from the delivery of the Bank's shares for the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

3. The numbers of treasury shares as of April 1, 2018 and March 31, 2019 include 896 thousand shares and 831 thousand shares of the Bank, respectively, held by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

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			—		320		
	Total			—		320		

Note: There are no treasury subscription rights to shares.

3. The Bank'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 25, 2018	Common stock	6,255 million yen	5.25 yen	March 31, 2018	June 1, 2018

At the Board of Directors' meeting held on November 2, 2018	Common stock	5,962 million yen	5.00 yen	September 30, 2018	December 3, 2018
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Note: 1. The total amount of dividends determined by resolution of the Board of Directors at its meeting held on May 25, 2018, includes dividends of 4 million yen for the Bank's shares held by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

2. The total amount of dividends determined by resolution of the Board of Directors at its meeting held on November 2, 2018, includes dividends of 4 million yen for the Bank's shares held by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

(2) Dividends with record dates within this consolidated fiscal year, and effective dates after March 31, 2019, are listed as follows.

Resolution	Type of shares	Total amount of dividends	Fiscal resource	Dividend per share	Record date	Effective date
At the Board of Directors' meeting held on May 24, 2019	Common stock	7,154 million yen	Retained earnings	6.00 yen	March 31, 2019	June 3, 2019

Note: The total amount of dividends includes dividends of 4 million yen for the Bank's shares held by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation.

(Financial instruments)

1. Matters concerning status of financial instruments

(1) Policy regarding the approach to financial instruments

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

Funds raised by the Bank 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 Bank 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 Bank'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 bonds and other securities with high creditworthiness and liquidity, as well as deposits at financial institutions with high creditworthiness, call loans, etc. The Bank does not invest in risky financial derivatives, etc.

(2) Description and risk of financial instruments

The financial assets held by the Bank 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 bonds and stocks with high creditworthiness and liquidity, and are held for "other purposes." These are exposed to the credit risks of each borrower or issuer, interest rate fluctuation risks and market price fluctuation risks. Loans receivable are in the form of loan services targeted at individuals (revolving card loans) and are exposed to credit risks arising from the nonperformance of contract by customers; however, the risks are limited, as the receivables are secured in full.

The Bank 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 Bank 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 Bank cannot use the market under certain situations. The Bank 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 Bank 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 Bank performs self-assessment and establishes an allowance for write-offs in an appropriate manner, in accordance with its policies and rules for self-assessment, write-off and provision of allowance.

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 Bank 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 Bank'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 Bank, the Bank measures the Value at Risk (VaR) of entire assets and liabilities of the Bank. In measuring the VaR, the Bank uses the Variance-Covariance Method (holding period: 125 days, confidence interval: 99.9%, data observation period: 1 year), and the Bank's VaR (estimated loss amount) as of March 31, 2019, was a total of 7,650 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 Bank 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 Bank 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 Bank 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, 2019, 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*	780,647	780,647	—
(2) Securities			
Other securities	77,309	77,309	—
(3) Loans receivable	22,688		
Allowance for losses*	(0)		
	22,687	22,687	—
(4) ATM-related temporary payments*	194,907	194,907	—
Total assets	1,075,552	1,075,552	—
(1) Deposits	678,664	678,809	145
(2) Negotiable certificates of deposits	810	810	—
(3) Borrowed money	10,000	10,000	—
(4) Bonds	135,000	136,688	1,688
(5) ATM-related temporary advances	80,853	80,853	—
Total liabilities	905,328	907,161	1,833
Derivative transactions			
Transactions for which hedge accounting is not applied	(18)	(18)	—
Transactions for which hedge accounting is applied	—	—	—
Total derivative transactions	(18)	(18)	—

* Allowance for losses for general accounts and allowance for losses for individual accounts corresponding to loans receivable have been deducted. Allowance for losses with respect to cash and due from banks 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. The deposit term of due from banks with maturity 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.

(2) Securities

Stocks are stated at the price quoted on the exchange. 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.

(3) 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 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.

(4) ATM-related temporary payments

The pre-settlement 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.

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 Bank 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.

Derivative transactions

Derivative transactions are currency-related transactions and the market value is calculated using the discounted present value, etc.

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

(Unit: million yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks*1 *2	515
Stocks of subsidiaries and affiliates*1	4,770
Subscription rights to shares*1	50
Investment in partnership*3	2,993
Total	8,329

Notes:

*1 Unlisted stocks, stocks of subsidiaries and affiliates and subscription rights to shares do not have any market price, and their market value is deemed extremely difficult to identify; therefore, these are excluded from the scope of disclosure.

*2 An impairment loss of 49 million yen on unlisted stocks was recorded for the consolidated fiscal year under review.

*3 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	133,771	–	–	–	–	–
Securities						
Other securities with maturity	27,920	18,000	30,231	–	–	–
Municipal bonds	10,420	6,400	13,831	–	–	–
Bonds	17,500	11,600	16,400	–	–	–
Loans receivable*2	22,655	–	–	–	–	–
ATM-related temporary payments	194,910	–	–	–	–	–
Total	379,256	18,000	30,231	–	–	–

Notes:

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

*2 Loans receivable: The amount (33 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*	562,357	78,617	37,689	–	–	–
Negotiable certificates of deposit	810	–	–	–	–	–
Borrowed money	10,000	–	–	–	–	–
Bonds	30,000	–	40,000	15,000	50,000	–
ATM-related temporary advances	80,853	–	–	–	–	–
Total	684,021	78,617	77,689	15,000	50,000	–

*Deposits: Demand deposits are included and disclosed in “Within 1 year.”

(Securities)

1. Securities held for trading purposes (as of March 31, 2019)

Not applicable

2. Bonds held to maturity (as of March 31, 2019)

Not applicable

3. Other securities (as of March 31, 2019)

	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	626	151	474
	Bonds	40,112	40,094	18
	Municipal bonds	21,556	21,544	11
	Corporate bonds	18,555	18,549	6
	Subtotal	40,738	40,246	492
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Bonds	36,571	36,575	(4)
	Municipal bonds	9,308	9,309	(0)
	Corporate bonds	27,262	27,266	(3)
	Subtotal	36,571	36,575	(4)
Total		77,309	76,821	488

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2018, to March 31, 2019)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2018, to March 31, 2019)

Not applicable

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.)

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)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	5 Directors of the Bank	4 Directors of the Bank	5 Executive Officers of the Bank	5 Directors of the Bank
Number of stock options by type of stock (Note 1)	Common stock: 184,000 shares	Common stock: 171,000 shares	Common stock: 38,000 shares	Common stock: 423,000 shares
Grant date	August 12, 2008	August 3, 2009	Same as at left.	August 9, 2010
Condition for vesting	(Note 2)	(Note 2)	(Note 3)	(Note 2)
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	August 4, 2009– August 3, 2039	Same as at left.	August 10, 2010– August 9, 2040

	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	5 Directors of the Bank	8 Executive Officers of the Bank	6 Directors of the Bank	7 Executive Officers of the Bank
Number of stock options by type of stock (Note 1)	Common stock: 440,000 shares	Common stock: 118,000 shares	Common stock: 363,000 shares	Common stock: 77,000 shares
Grant date	August 8, 2011	Same as at left.	August 6, 2012	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 9, 2011– August 8, 2041	Same as at left.	August 7, 2012– August 6, 2042	Same as at left.

	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	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 Bank	7 Executive Officers of the Bank	6 Directors of the Bank	8 Executive Officers of the Bank
Number of stock options by type of stock (Note 1)	Common stock: 216,000 shares	Common stock: 43,000 shares	Common stock: 193,000 shares	Common stock: 44,000 shares
Grant date	August 5, 2013	Same as at left.	August 4, 2014	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 6, 2013– August 5, 2043	Same as at left.	August 5, 2014– August 4, 2044	Same as at left.

	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Bank	9 Executive Officers of the Bank	6 Directors of the Bank	9 Executive Officers of the Bank
Number of stock options by type of stock (Note 1)	Common stock: 138,000 shares	Common stock: 39,000 shares	Common stock: 278,000 shares	Common stock: 72,000 shares
Grant date	August 10, 2015	Same as at left.	August 8, 2016	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 11, 2015– August 10, 2045	Same as at left.	August 9, 2016– August 8, 2046	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 Bank 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, 2019 (fiscal year 2018), 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)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (1) 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	120,000	133,000	9,000	342,000
Granted	–	–	–	–
Exercised	75,000	78,000	–	162,000
Forfeited	–	–	–	–
Outstanding	45,000	55,000	9,000	180,000

	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth 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	356,000	55,000	299,000	40,000
Granted	–	–	–	–
Exercised	169,000	13,000	128,000	10,000
Forfeited	–	–	–	–
Outstanding	187,000	42,000	171,000	30,000

	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	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	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
Post vesting (shares)				
At end of previous consolidated fiscal year	179,000	20,000	161,000	28,000
Granted	–	–	–	–
Exercised	72,000	5,000	63,000	5,000
Forfeited	–	–	–	–
Outstanding	107,000	15,000	98,000	23,000

	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth 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	115,000	27,000	278,000	72,000
Granted	–	–	–	–
Exercised	45,000	3,000	93,000	15,000
Forfeited	–	–	–	–
Outstanding	70,000	24,000	185,000	57,000

(Unit price information)

	First Round – (1) 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)	Third Round – (1) 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	348	348	–	348
Fair value valuation price when granted	236,480 yen per subscription rights to share	221,862 yen per subscription rights to share	221,862 yen per subscription rights to share	139,824 yen per subscription rights to share

	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth 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	348	339	348	339
Fair value valuation price when granted	127,950 yen per subscription rights to share	127,950 yen per subscription rights to share	175,000 yen per subscription rights to share	175,000 yen per subscription rights to share

	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	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	One yen per share	One yen per share
Average price when exercised	348	339	348	339
Fair value valuation price when granted	312,000 yen per subscription rights to share	312,000 yen per subscription rights to share	370,000 yen per subscription rights to share	370,000 yen per subscription rights to share

	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth 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	348	339	348	346
Fair value valuation price when granted	537,000 yen per subscription rights to share	537,000 yen per subscription rights to share	302,000 yen per subscription rights to share	302,000 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 Bank. As of December 1, 2011, the Bank 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 Bank's stocks at the time when stock options were exercised.

2. Calculation method employed to establish the fair value valuation price for stock options granted during the term
None applicable.

3. 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.

(Per share information)

Net assets per share	178.37 yen
Net income attributable to owners of the parent per share	11.11 yen
Diluted net income attributable to owners of the parent per share	11.09 yen

Note: From the consolidated fiscal year under review, the Bank has adopted the BIP Trust for officer remuneration and the ESOP Trust for stock allocation. The Bank's shares held in these trusts are included in the number of treasury shares, which are deducted from the total number of shares issued as of the end of the consolidated fiscal year to calculate Net assets per share. The number of treasury shares deducted at the end of the consolidated fiscal year under review was 831 thousand. They are also included in the treasury shares deducted in the calculation of the average number of shares for the period as part of the calculation of Net income attributable to owners of the parent per share and Diluted net income attributable to owners of the parent per share. The average number of treasury shares deducted for the consolidated fiscal year under review was 852 thousand.

(Significant subsequent events)

(Purchase and disposal of treasury stock)

The Bank, at its Board of Directors meeting held on May 10, 2019, determined matters related to the purchase of treasury stock based on Article 165, Paragraph 2, of the Companies Act and Article 6 of the Bank's Articles of Incorporation, as well as matters related to the disposal of treasury stock based on the provisions in Article 178 of the Companies Act.

1. Reason for conducting purchase and disposal of treasury stock

It is a priority of the Bank to ensure both the internal reserve necessary for growth investments from medium- to long-term perspectives and the return of profits in a well-balanced manner, as well as maximize corporate value. To strengthen return of profits to shareholders, improve capital efficiency and implement expeditious capital policies, we decided to conduct the purchase and disposal of treasury stock.

2. Details related to the purchase of treasury stock

(1) Type of stock to be purchased: common stock of the Bank

(2) Total number of common shares that can be purchased: 13,500,000 (Upper limit)

Ratio to the total number of shares issued (excluding treasury shares): 1.13%

(3) Total amount of shares to be purchased: 5 billion yen (Upper limit)

(4) Purchase period: from May 13, 2019, to July 31, 2019

(5) Purchase method: purchase in stock market based on a discretionary account transaction agreement related to the purchase of treasury stock

3. Details related to the disposal of treasury stock

(1) Type of stock to be disposed: common stock of the Bank

(2) Number of shares to be disposed: total number of treasury shares purchased as described in 2. above.

(3) Scheduled date for disposal: August 20, 2019

Independent Auditor's Report

May 17, 2019

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Yukihisa Tatsumi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoaki Takeuchi (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, 2019, and for the 18th fiscal year from April 1, 2018, to March 31, 2019, 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 judgment, 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 Bank 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 17, 2019

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Yukihisa Tatsumi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoaki Takeuchi (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, 2019, and for the year from April 1, 2018, to March 31, 2019, 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 judgment, 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 Bank 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 18th fiscal year from April 1, 2018, to March 31, 2019, the Audit & Supervisory Board hereby submits its Audit Report, which has been prepared upon careful consideration based on the audit report prepared by each Audit & Supervisory Board Member.

1. Summary of Auditing Methods by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters and received reports from each Audit & Supervisory Board Member 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.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards stipulated by the Audit & Supervisory Board, followed the auditing policies, allocation of duties and other relevant matters for the fiscal year ended March 31, 2019, communicated with Directors, the internal audit division, other employees and any other relevant personnel, made efforts to prepare the environment for information collection and audit, and conducted audits by the following methods.
 - 1) 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. With respect to the subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members and other relevant personnel of the subsidiaries and received the business reports therefrom as necessary.
 - 2) 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) as a necessary system for ensuring the appropriateness of business operation by a corporate group consisting of the stock company and its subsidiaries, 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.
 - 3) 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 business report and its accompanying supplementary schedules, financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and 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 Bank's condition.
 2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
 3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system, including the internal control over financial reporting.
- (2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules
In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements
In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

May 24, 2019

Audit & Supervisory Board, Seven Bank, Ltd.

Full-time Audit & Supervisory Board Member	Isamu Hirai (seal)
Full-time Audit & Supervisory Board Member	Akihiko Shimizu (seal)
Outside Audit & Supervisory Board Member	Naomi Ushio (seal)
Outside Audit & Supervisory Board Member	Kunihiro Matsuo (seal)

(Reference) Concerning Corporate Governance

1. Basic Views

As a bank that owns and operates an ATM network that manages deposits from a large number of customers and has a nature similar to that of public infrastructure, the Bank recognizes that ensuring disciplined corporate management is vital in responding to the social trust and seeks to ensure effective corporate governance. This is achieved by maintaining and improving its corporate governance and compliance system to ensure transparent, fair and swift managerial decision making; clarify the roles and responsibilities of executives and employees; strengthen management oversight functions; and ensure equitable operations.

The Bank adopts the organizational form of a Company with Audit & Supervisory Board Members. At the Board of Directors, the Bank ensures effective corporate governance through decision making by Directors with executive authority over operations who are well versed in the Bank’s operations and Outside Directors who have considerable experience and insight in their areas of expertise as well as the audits by the Audit & Supervisory Board Members.

To clarify the specific issues to be addressed by the Bank to realize the above policy and fulfill the accountability of the Bank’s corporate governance to its shareholders, the Bank has established the “Corporate Governance Guidelines,” which are disclosed on its website.

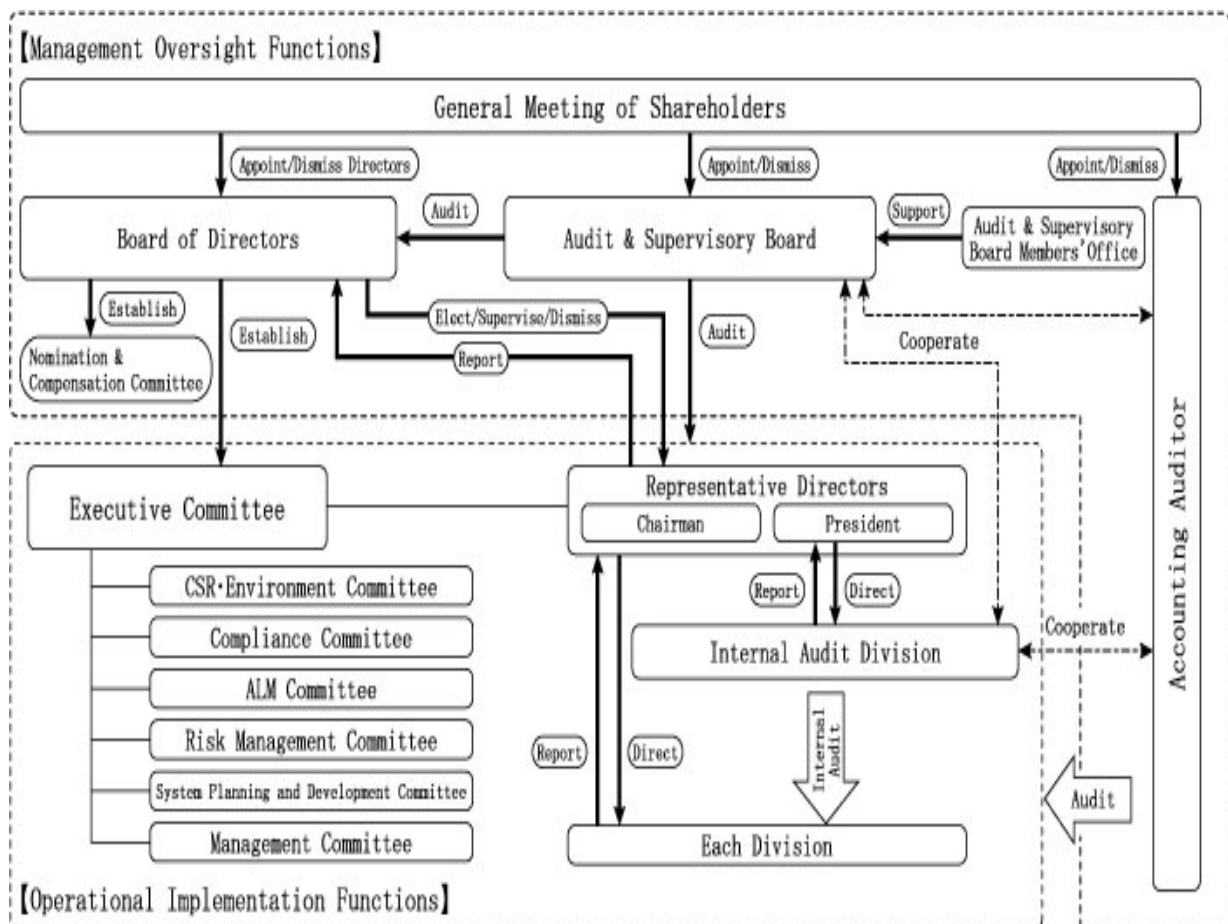
<<URL of the page regarding corporate governance>>

<https://www.sevenbank.co.jp/english/csr/esg/governance.html>

<<Corporate Governance Guidelines>>

https://www.sevenbank.co.jp/english/ir/pdf/2018/20181109_E1_CGG.pdf

2. Corporate Governance Structure



3. Policies and procedures for the Board of Directors to appoint or remove top management and nominate candidates for Director and candidates for Audit & Supervisory Board Member

«Criteria for appointing or removing top management»

- 1 Top management must have a significant track record, high capabilities and insights in the Bank's group, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of pursuing corporate management and business operations in a highly disciplined manner, thereby contributing to the further development of the Bank's group so that the Bank will continue to be an enterprise that will grow in the future.
2. Any of the following shall disqualify top management.
 - Having any form of relations with antisocial forces, or
 - Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.
3. In the event that top management reaches a certain age as specified in internal rules; in the event of fraud; in the event of the occurrence of a serious obstacle to the execution of business; in the event that the selection criteria set forth in 1. and 2. above are not met, or in the event that there is a significant lack of qualifications as top management, including cases where it is judged that the level of business execution as top management does not meet the requirements of the Bank, the top management will be released from their position.

«Criteria for selecting candidates for Director»

1. A candidate for Director must have a significant track record, high capabilities and insights in his or her area of expertise, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of pursuing corporate management and business operations in a highly disciplined manner, thereby contributing to the further development of the Bank's group.
2. Any of the following shall disqualify a candidacy for Director.
 - Having any form of relations with antisocial forces, or
 - Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

«Criteria for selecting candidates for Audit & Supervisory Board Member»

1. A candidate for Audit & Supervisory Board Member must have a significant track record and high capabilities in his or her area of expertise, financial, accounting and legal knowledge and insights necessary for the execution of business, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of auditing the status of Directors' execution of duties from a fair and objective standpoint, thereby contributing to the enhancement of the soundness and transparency of corporate management.
2. Any of the following shall disqualify a candidacy for Audit & Supervisory Board Member.
 - Having any form of relations with antisocial forces, or
 - Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

4. Analysis and Evaluation of Effectiveness of the Board of Directors

- The Bank has been conducting an evaluation of the effectiveness of the Board of Directors annually since fiscal 2015.
- Concerning the effectiveness of the Board of Directors for fiscal 2018, the Bank conducted a questionnaire for Directors and Audit & Supervisory Board Members and based on a summary of the results, discussion and evaluation occurred at the Board of Directors meetings. The results of the evaluation are described below.
 - (1) The Board of Directors meetings include Outside Directors, thereby collectively possessing diverse knowledge, experience and capabilities. Through active discussions among Directors and Audit & Supervisory Board Members, the Board of Directors has been fully functioning both in decision making and supervision, thereby ensuring the effectiveness of the Board of Directors as a whole.
 - (2) At the same time, in order to address the following issues and make improvements, the Board of Directors is required to further devise new ideas regarding the provision of information from the executives.
 - a. Continue to consider the Bank's form of business and business strategies, etc., with a long-term perspective.
 - b. Enrich the deliberation based on the content, status and position of the item on the meeting agenda.

5. Policies and procedures for the Board of Directors to determine compensation for the top management and Directors

«Establishment of the Nomination & Compensation Committee»

1. As an advisory organization to the Board of Directors, the Bank has established the Nomination & Compensation Committee chaired by an independent outside director. The committee is delegated by the Board of Directors to recommend candidates for Director to be put on the agenda at a General Meeting of Shareholders, to recommend candidates for Executive Officer to be put on the agenda at a Board of Directors meeting and to supervise a plan on successors to the position of Director, etc.
2. The Nomination & Compensation Committee shall deliberate the following matters regarding the Bank's Directors and Executive Officers.
 - (1) Compensation and bonuses
 - (2) Other important matters concerning compensation
 - (3) Matters concerning the recommendation of candidates for Director and candidates for Executive Officer
 - (4) Matters concerning the recommendation of candidates for Representative Director and candidates for Executive Director
 - (5) Other important personnel matters regarding Directors

(Excerpt from Article 23 of our Corporate Governance Guidelines)

【Policies and procedures for determining compensation, etc., for Directors and Audit & Supervisory Board Members】

1. Compensation for Directors is determined by comprehensively taking into account factors including contribution to the Bank, content and importance of duties, performance of duties and years in office, within the annual limits for the compensation approved by the General Meeting of Shareholders. The Nomination & Compensation Committee proposes to the Board of Directors content of such compensation, and the final decision is made by resolution of the Board of Directors.
2. The system of determining compensation for Audit & Supervisory Board Members shall be separate from that for Directors. Compensation for Audit & Supervisory Board Members is determined through discussion at the Audit & Supervisory Board within the annual limits for the compensation approved by the General Meeting of Shareholders.

6. Incentive Policies for Directors

To further raise motivation in contributing to the medium- to long-term enhancement of performance, the introduction of a Performance-Based Stock Compensation Plan, which closely links to the performance of the Bank and delivers the Bank's shares in accordance with the level of achievement of performance targets (hereinafter the "Plan"), has been approved by a resolution at the 16th Ordinary General Meeting of Shareholders held on June 19, 2017. The Plan awards points to Directors with executive authority according to factors such as their ranks and the degree of attainment of performance targets (such as consolidated ordinary income and consolidated ordinary profit, etc.), and delivers or pays to such Directors at their retirement the Bank's shares in the number that corresponds to the points delivered, and money equivalent to the converted value of such Bank's shares.

In addition, due to the introduction of this Plan, stock options as share-based compensation will not be issued.