

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, 2021

CONVOCATION NOTICE OF THE 20TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 20th Ordinary General Meeting of Shareholders (the “Meeting”) of Seven Bank, Ltd. (the “Bank”) will be held as described below.

In lieu of attending the Meeting in person, 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 Friday, June 18, 2021.

Yours Sincerely,

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

Date and time Monday, June 21, 2021, at 10 am (Doors open at 9 am)

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

Agenda of the Meeting

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| Matters to be Reported | 1. Business Report and Report on the Consolidated Financial Statements for the 20th Fiscal Period (from April 1, 2020, to March 31, 2021) and the Results of Audit by the Accounting Auditor and the Audit & Supervisory Board on Said Consolidated Financial Statements. 2. Report on the Non-consolidated Financial Statements for the 20th Fiscal Period (from April 1, 2020, to March 31, 2021). |
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|------------------------|---|
| Matters to be Resolved | Proposal 1 Election of Seven (7) Directors Proposal 2 Election of One (1) Audit & Supervisory Board Member 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:

- Of the documents to be provided together with this convocation notice, “Matters concerning the Bank’s subscription rights to shares, etc.,” “System for ensuring the suitable maintenance of operations,” “Basic policy concerning the current status of persons supervising the determination of financial and operational policy,” “Matters concerning specific wholly owned subsidiaries,” “Matters concerning transactions with the Bank’s parent company and others,” “Matters concerning accounting advisors,” and “Other” in the Business Report, “Consolidated Statement of Changes in Net Assets” and the notes to the Consolidated Financial Statements, and “Statement of Changes in Net Assets” and the notes to the Non-consolidated Financial Statements are disclosed on the Bank’s Web site (<https://www.sevenbank.co.jp/english/ir/>) pursuant to the provisions of laws and regulations and Article 14 of the Articles of Incorporation, and not provided in the documents attached hereto.
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 : Monday, June 21, 2021, 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, Friday, June 18, 2021

Via the Internet

Please access the voting service Web site (<https://www.evot.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, Friday, June 18, 2021

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.

Measures against the Novel Coronavirus Disease (COVID-19)

- In order to prevent the spread of COVID-19, we encourage all shareholders to exercise their voting rights by mail or via the Internet (for details, please refer to pages 5-6 of the original Japanese version).
- If a shareholder attending the Meeting shows signs of ill health, the shareholder may be approached by staff and denied admission to the venue. Additionally, according to the circumstances on the day of the Meeting, infection prevention measures will be taken, including the Bank's personnel wearing masks as well as taking body temperature measurements and providing hand disinfectant for shareholders. We appreciate your understanding and cooperation. We also ask for your cooperation in bringing and wearing face masks at the Meeting.
- To ensure enough distance between shareholders, there will be limited seating available for shareholders at the Meeting. It is possible that you may not be able to enter the venue.

If significant changes are made to the operation of this General Meeting of Shareholders due to future circumstances, notifications will be provided via the website below.

URL : <https://www.sevenbank.co.jp/english/ir/>

Reference Materials for General Meeting of Shareholders

Proposal 1: Election of Seven (7) Directors

The term of office of all seven (7) incumbent Directors will expire at the end of this General Meeting of Shareholders. We therefore propose that you elect seven (7) Directors.

Candidates for the position of Director are as follows.

| Candidate number | | Name | Position | Attendance at meetings of the Board of Directors during fiscal 2020 |
|------------------|-------------|--------------------|---|---|
| 1 | Reappointed | Kensuke Futagoishi | Chairman and Representative Director | Attended all 13 meetings (100%) |
| 2 | Reappointed | Yasuaki Funatake | President and Representative Director | Attended all 13 meetings (100%) |
| 3 | Reappointed | Katsuhiro Goto | Director | Attended all 13 meetings (100%) |
| 4 | Reappointed | Makoto Kigawa | <div>Outside Director</div> <div>Independent Officer</div> Director | Attended all 13 meetings (100%) |
| 5 | Reappointed | Toshihiko Itami | <div>Outside Director</div> <div>Independent Officer</div> Director | Attended 12 of 13 meetings (92.3%) |
| 6 | Reappointed | Koichi Fukuo | <div>Outside Director</div> <div>Independent Officer</div> Director | Attended all 13 meetings (100%) |
| 7 | Reappointed | Yukiko Kuroda | <div>Outside Director</div> <div>Independent Officer</div> Director | Attended 12 of 13 meetings (92.3%) |

| 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 suitable to control and supervise the Bank's overall management and appoints him as a candidate for Director.</p> | | 237,400 |
| 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.</p> <p>[Business in Charge] Internal Audit Division</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 him to be a suitable candidate for Director.</p> | | 207,400 |

| Candidate number | Name (Date of birth) | Biography, position and business in charge, and important concurrent positions | Number of Company shares owned |
|------------------|--|--|--------------------------------------|
| 3 | Katsuhiro Goto (December 20, 1953) Reappointed | <p>Jul. 1989 Joined Seven-Eleven Japan Co., Ltd.</p> <p>May 2002 Director, Ito-Yokado Co., Ltd.</p> <p>May 2004 Managing Director, aforementioned company</p> <p>Sep. 2005 Director, Seven & i Holdings Co., Ltd.</p> <p>May 2006 Director, Millennium Retailing, Inc.</p> <p>Aug. 2009 Director, Sogo & Seibu Co., Ltd.</p> <p>May 2016 Vice President & Representative Director, Seven & i Holdings Co., Ltd. (present post)</p> <p>Jun 2017 Director, the Bank (present post)</p> <p>[Major Concurrent Position] Vice President & Representative Director, Seven & i Holdings Co., Ltd.</p> <p>[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 |
| 4 | Makoto Kigawa (December 31, 1949) Reappointed Independent Officer Outside Director | <p>Apr. 1973 Joined The Fuji Bank, Limited (now Mizuho Bank, Ltd.)</p> <p>Apr. 2004 Managing Director, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2005 Joined YAMATO TRANSPORT CO., LTD. (now YAMATO HOLDINGS CO., LTD.)</p> <p>Jun. 2005 Managing Director, aforementioned company</p> <p>Jun. 2006 Representative Director and Senior Executive Officer, aforementioned company</p> <p>Mar. 2007 Representative Director, President and Executive Officer, YAMATO TRANSPORT CO., LTD.</p> <p>Apr. 2011 Representative Director, President and Executive Officer, YAMATO HOLDINGS CO., LTD.</p> <p>Apr. 2015 Representative Director and Chairman, aforementioned company</p> <p>Jun. 2016 Director, Komatsu Ltd. (present post)</p> <p>Apr. 2018 Director and Chairman, YAMATO HOLDINGS CO., LTD.</p> <p>Jun. 2018 Director, the Bank (present post)</p> <p>Apr. 2019 Director, YAMATO HOLDINGS CO., LTD.</p> <p>Jun. 2019 Director, Oki Electric Industry Co., Ltd. (present post)</p> <p>Jun. 2019 Special Adviser, YAMATO HOLDINGS CO., LTD. (present post)</p> <p>Apr. 2020 Corporate Auditor, The Higo Bank, Ltd. (present post)</p> <p>[Major Concurrent Position] Special Adviser, YAMATO HOLDINGS CO., LTD. Outside Director, Komatsu Ltd. Outside Director, Oki Electric Industry Co., Ltd. Outside Corporate Auditor, The Higo Bank, Ltd.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles] 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. If he is elected as an Outside Director, the Bank expects him to continue providing supervision and guidance regarding management policies and business operations drawing on his experience and insight in corporate management.</p> | 0 |

| Candidate number | Name (Date of Birth) | Biography, position and business in charge, and important concurrent positions | Number of Company shares owned |
|------------------|--|---|--------------------------------------|
| 5 | 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>Jun. 2020 Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Nagashima Ohno & Tsunematsu) Outside Director, TODA CORPORATION Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles] 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. If he is elected as an Outside Director, the Bank expects him to continue providing supervision and guidance regarding legal compliance and internal control drawing on his insight as an attorney-at-law.</p> | 0 |
| 6 | 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>Jun. 2019 Director, Hitachi Metals, Ltd. (present post)</p> <p>[Major Concurrent Position] Outside Director, Hitachi Metals, Ltd.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles] 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. If he is elected as an Outside Director, the Bank expects him to continue providing supervision and guidance regarding management policies and business operations drawing on his experience and insight gained through corporate management.</p> | 0 |
| 7 | 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)</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 Member of the Board, Mitsui Chemicals, Inc. Independent Director, Terumo Corporation</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles] 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. If she is elected as an Outside Director, the Bank expects her to continue providing supervision and guidance regarding management policies and business operations drawing on her experience in corporate management and insight into the development of human resources who can handle global business.</p> | 0 |

- Notes: 1. Candidate Mr. Katsuhiro Goto concurrently serves as Vice President & Representative Director of Seven & i Holdings Co., Ltd., which is the Bank's parent company.
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:
- Candidate Makoto Kigawa served as a Director of YAMATO HOLDINGS CO., LTD. ("YAMATO HOLDINGS") from June 2005 to June 2019. During his tenure of office, at the company's corporate group, there were situations where efforts to build operational structures could not catch up with the rapid expansion of e-commerce in recent years. In the wake of this issue, after conducting surveys on the employees' actual working hours since February 2017, it was revealed that there was a lack of recognition as a company 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.
 - Candidate Koichi Fukuo has been serving as an Outside Director of Hitachi Metals, Ltd. since June 2019. During his tenure of office, it was disclosed in April 2020 that there had been misrepresentations of test results in inspection reports submitted to customers for some of the products of the company and its subsidiaries. Although Mr. Koichi Fukuo was not aware of the said fact until it was revealed, he had been expressing opinions based on the standpoint of compliance at the Board of Directors and the Audit Committee before the incident. After the discovery of such facts, he has been receiving reports on the progress of investigations and response to customers while supervising and making suggestions on the formulation of various quality compliance-related measures for the prevention of recurrence and efforts for individual measures, thus, he is fulfilling his duties.
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 three years 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. Seven & i Holdings Co., Ltd., which is the Bank's parent company, has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract with an insurance company to insure its directors, audit & supervisory board members, and executive officers as well as those of its subsidiaries (excluding some subsidiaries).
Each of the candidates for Director is eligible for the insurance contract, and will be insured under the insurance contract if he/she assumes office.
The insurance contract is scheduled to be renewed in September 2021.
The Bank fully covers the insurance premiums for its Directors, Audit & Supervisory Board Members, and Executive Officers.
7. Candidates Mr. Makoto Kigawa, Mr. Toshihiko Itami, 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.
Candidate Mr. Makoto Kigawa concurrently holds offices as Special Adviser of YAMATO HOLDINGS and Outside Corporate Auditor of The Higo Bank, Ltd. The Bank and its subsidiaries have the following transactions with YAMATO HOLDINGS's subsidiaries and The Higo Bank, Ltd., respectively. However, the amount of such transactions with each comprises less than 1% of ordinary expenses or of the ordinary income of the Bank's most recent consolidated business year and they are not deemed major business partners.
- The Bank and its subsidiaries pay delivery fees, etc., to YAMATO HOLDINGS' subsidiaries.
 - The Bank's subsidiaries receive payments for system usage fees, etc., from the YAMATO HOLDINGS' subsidiaries.
 - The Bank has ATM collaboration partnership with The Higo Bank and receives payments for fees, etc., from The Higo Bank.
8. Ms. Yukiko Kuroda's name on the Family Register is Yukiko Matsumoto.

Proposal 2: Election of One (1) Audit & Supervisory Board Member

The term of office of Mr. Akihiko Shimizu as Audit & Supervisory Board Member will expire at the close of this General Meeting of Shareholders. We therefore propose that you elect one (1) Audit & Supervisory Board Member.

This proposal has already been approved by the Audit & Supervisory Board. The candidate for the position of 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 |
|---|--|--------------------------------------|
| Ryoji Sakai (June 25, 1954) Newly appointed | <p>Apr. 1978 Joined Nissan Motor Co., Ltd.</p> <p>Jan. 2001 Head of Group Finance Office, Ito-Yokado Co., Ltd.</p> <p>Dec. 2002 Director, IY Card Service Co., Ltd. (now Seven Card Service Co., Ltd.)</p> <p>May 2005 Managing Director, aforementioned company</p> <p>Sep. 2007 Executive Officer, Seven-Eleven Japan Co., Ltd.</p> <p>May 2009 Director, Executive Officer, Head of Planning Office, aforementioned company</p> <p>Mar. 2012 Director, Managing Executive Officer, Head of Planning Office and Financial Division, aforementioned company</p> <p>Mar. 2018 Director, Senior Managing Executive Officer, Head of Planning Division and Financial Division, aforementioned company</p> <p>Mar. 2019 Director, Senior Managing Executive Officer, Head of Planning Division, Overseas Business Division, and Corporate General Affairs & Legal Division, aforementioned company</p> <p>Aug. 2020 Director, Senior Managing Executive Officer, Head of Audit Office, aforementioned company</p> <p>[Reasons for appointing the candidate for Audit & Supervisory Board Member] We can expect Mr. Ryoji Sakai to utilize his experience as a Director, Senior Managing Executive Officer in Seven-Eleven Japan Co., Ltd. in auditing the Bank's management. In addition, Mr. Sakai has considerable knowledge of finance and accounting. Therefore, the Bank judges him to be a suitable candidate for Audit & Supervisory Board Member.</p> | 0 |

Notes: 1. Candidate Mr. Ryoji Sakai has performed duties as Director, Senior Managing Executive Officer of Seven-Eleven Japan Co., Ltd., which is a subsidiary of the Bank's parent company, in the past 10 years.

2. If candidate Mr. Ryoji Sakai assumes office as Audit & Supervisory Board Member, the Bank intends to conclude a contract for limitation of indemnity liability with him 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.)

3. Seven & i Holdings Co., Ltd., which is the Bank's parent company, has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract with an insurance company to insure its directors, audit & supervisory board members, and executive officers as well as those of its subsidiaries (excluding some subsidiaries).

If the candidate for Audit & Supervisory Board Member assumes office, he will be insured under the insurance contract, which is scheduled to be renewed in September 2021.

The Bank fully covers the insurance premiums for its Directors, Audit & Supervisory Board Members, and Executive Officers.

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

As the effectiveness of the election of Substitute Audit & Supervisory Board Member Ms. Chieko Eda, who was elected at the 19th Ordinary General Meeting of Shareholders held on June 22, 2020, will expire as of this General Meeting of Shareholders, to prepare for the event that the number of Audit & Supervisory Board Members falls below the required number stipulated by laws and regulations, we propose that you once again 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) Jun. 2020 Director, gremz, Inc. (present post) [Major Concurrent Positions] Outside Director, gremz, Inc. [Reasons for appointing the candidate for Substitute Outside Audit & Supervisory Board Member] We can expect Ms. Chieko Eda to utilize her insights on international corporate legal affairs and experience as a corporate manager for the audit of the Bank's management. 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. Seven & i Holdings Co., Ltd., which is the Bank's parent company, has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract with an insurance company to insure its directors, audit & supervisory board members, and executive officers as well as those of its subsidiaries (excluding some subsidiaries).
If the candidate for Audit & Supervisory Board Member assumes office, she will be insured under the insurance contract, which is scheduled to be renewed in September 2021.
The Bank fully covers the insurance premiums for its Directors, Audit & Supervisory Board Members, and Executive Officers.
5. 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) Regarding Independence of Outside Officers

1. Independence Standards of 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.

2. Other matters relating to Independent Officers

The Bank registers all applicable persons who fulfill the qualifications of independent officer as such.

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 13 companies, i.e., Seven Bank Ltd. (the "Bank") and its 8 consolidated subsidiaries (FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., Seven Payment Service, Ltd., Pito AxM Platform, Inc., Seven Global Remit, Ltd., ACSiON, Ltd., and Credd Finance, Ltd.) and 4 affiliates (Seven Pay Co., Ltd., TORANOTEC Ltd., TORANOTEC Asset Management Ltd., and Metaps Payment Inc.), 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, Indonesia, and the Philippines.

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, 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, consumer finance companies, and fund transfer businesses, 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, as well as financial services which utilize the knowledge of the Bank's group.

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

As stated above, the Bank's group has been promoting initiatives towards diversification of businesses and services with the aim of the sustainable creation of both social value and corporate value while recognizing changes in a diverse society as substantial business opportunities.

Economic and Financial environment

Harsh conditions continued in the Japanese economy as personal consumption, including the consumption of services, and corporate activity stagnated markedly due to the impact of the spread of the novel coronavirus disease (COVID-19). It is still impossible to predict when the pandemic will be contained, and with the resurgence of more contagious variants of COVID-19 emerging in some regions, the situation remains uncertain.

Business developments and outcomes

(1) Domestic business segment

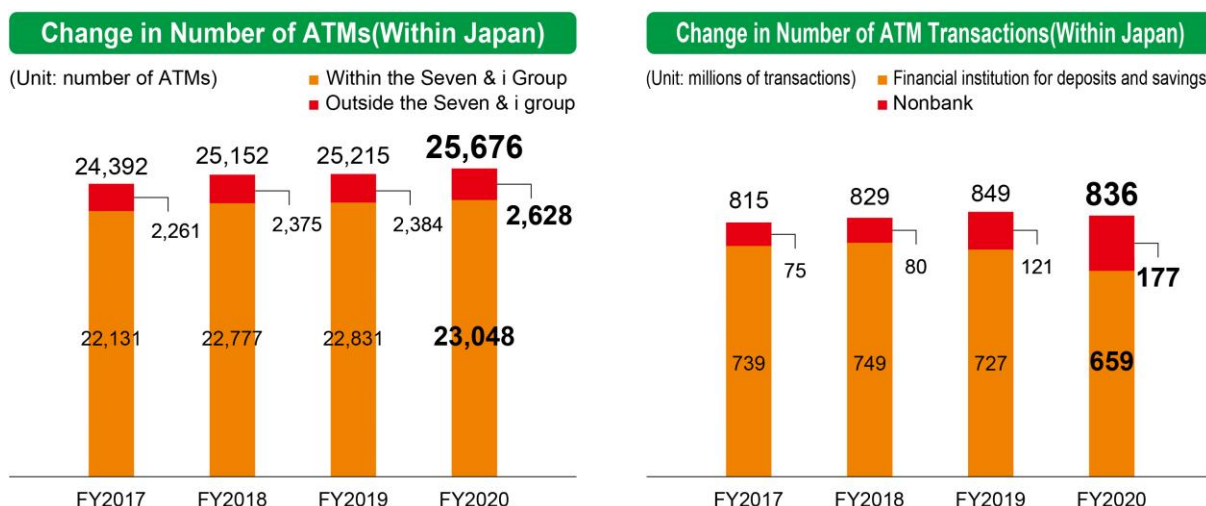
- ATM platform business

During the consolidated fiscal year under review, harsh circumstances continued due to the spread of COVID-19, but there was a steady increase in the number of transactions using the Bank's ATMs to charge cash into various cashless settlement methods, which has earned a certain level of recognition as a "safe and secure" way to use those cashless settlement methods. As a result, the total number of ATM transactions trended at almost the same level as in the previous fiscal year. Further, in the Individual Number Card Points (MAINA-Point) project conducted by the Ministry of Internal Affairs and Communications, the Bank was selected as a private-sector enterprise to provide terminals to assist with the applications, which made the Bank's ATMs as a venue to apply for Individual Number Card Points from August 2020. We are steadily promoting efforts to realize a world of "ATM+," which aims to think outside of the box and create value for ATMs that transcend conventional concepts.

The number of our ATMs installed reached 25,676 as of March 31, 2021 (up 1.8% compared with the end of March 2020). The average number of daily transactions per ATM was 90.5 (down 1.7% year over year), and a total of 836 million ATM transactions were recorded (down 1.5% year over year).

As of March 31, 2021, we had partnered with 122 banks, 252 *shinkin* banks, 124 credit cooperatives, 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, 9 securities companies, 7 life insurance companies and 83 other financial institutions and operating companies, totaling 613 businesses.* In September 2019, we started installing our fourth-generation ATMs in response to lifestyle changes, the widespread use of smartphones, and the changing times. Installations and replacements have been implemented smoothly and the number of fourth-generation ATMs installed was 6,020 as of March 31, 2021.

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



- Settlement and account business

The smartphone app, “My Seven Bank,” which was launched in April 2020, has been very well received as an instant account opening service, which allows an account to be opened in as little as 10 minutes using online personal authentication. As of March 31, 2021, the number of individual customer accounts increased steadily to 2,364,000 (up 8.4% compared with the end of March 2020). The balance of individuals’ deposits was 519,000 million yen (up 13.1% year over year) and the balance of loan services for individual customers was 24,300 million yen (up 4.3% year over year).

Aiming to enhance convenience for foreign nationals living in Japan through comprehensive financial and lifestyle support, Credd Finance, Ltd. (the Bank’s investment ratio: 60%), a domestic consolidated subsidiary of the Bank that is a joint venture company with Shinsei Bank, Limited, began selling the Sendy Credit Card, a credit card for foreign nationals, in August 2020, and Sendy Personal Loan, a purpose-specific loan exclusively for foreign nationals, in October 2020, both jointly with APLUS Co., Ltd. In March 2021, the Bank’s consolidated subsidiary, Seven Global Remit, Ltd., began offering Sendy, an international money transfer service using a smartphone app.

Recognizing that contributing to solving issues that surface as a result of changes in society is a business opportunity, in addition to the know-how accumulated to date, the Bank is collaborating with external corporations with the aim of providing new financial services to meet the various needs of our customers.

(2) Overseas business segment

- The United States

FCTI, Inc., the Bank's consolidated subsidiary, saw a decline in the number of ATM transactions from March 2020 due to the impact of the spread of COVID-19. However, after May 2020, mainly due to the resumption of economic activities and developments such as the receipt of unemployment insurance at ATMs, the number of ATM transactions greatly exceeded that of the corresponding period of the previous year and ended up at almost the same level as in the previous fiscal year on an annual basis. As a result of systematically reorganizing ATMs with low profitability that were installed at locations outside of United States 7-Eleven stores, the number of ATMs installed as of December 31, 2020 totaled 9,368 (down 13.9% compared to December 31, 2019), including 8,553 ATMs (up 1.0% compared to December 31, 2019) installed inside 7-Eleven stores in the United States.

With regard to the business results of FCTI, Inc. for the consolidated fiscal year (from January 2020 to December 2020), due to the systematic reorganization of ATMs with low profitability, a decrease in the cost of financing as a result of cuts in policy interest rates, and other factors, ordinary income was 227.0 million U.S. dollars (down 10.6% year over year), ordinary profit was 22.8 million U.S. dollars (up 263.2% year over year), and net profit was 24.6 million U.S. dollars (up 268.5% year over year).

- Asia

PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank in Indonesia, steadily promoted its business even amid the COVID-19 pandemic and greatly increased the number of ATMs installed to 750 as of December 31, 2020 (up 275.0% compared to December 31, 2019). Additionally, Pito AxM Platform, Inc., a consolidated subsidiary of the Bank in the Philippines, installed ATMs at 7-Eleven stores in the Philippines in February 2021 and started the ATM operation business.

(3) Operating results

As for the consolidated results of our operations in fiscal 2020, the stagnation of personal consumption, self-quarantining, and drastic changes in lifestyles affected by the spread of COVID-19 reduced the number of ATM transactions were the main backdrop for ordinary income to record 137,267 million yen (down 7.5% year over year). Ordinary profit was 35,640 million yen (down 10.5% year over year), and net income attributable to owners of the parent was 25,905 million yen (down 0.9% year over year).

As for the Bank's non-consolidated business results, ordinary income was 111,672 million yen (down 7.1% year over year) and ordinary profit was 34,593 million yen (down 23.1% year over year). In addition, the Bank decided to reverse part of its deferred tax assets, following careful consideration of its recoverability based on the business environment surrounding the Bank and the outlook for business performance. The Bank reversed 7,636 million yen in its deferred tax assets and recorded the amount as income taxes - deferred in the non-consolidated financial results, resulting in net income of 15,825 million yen (down 42.8% year over year).

(4) Assets, liabilities and net assets

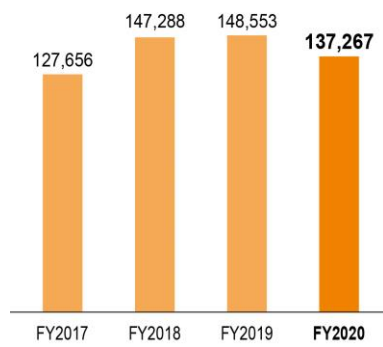
Total assets at the end of March 2021 were 1,197,158 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 937,945 million yen. The remainder mostly consisted of marketable securities of 78,154 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 83,681 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 962,482 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 782,658 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 383,290 million yen and the balance of individuals' time deposits was 135,722 million yen.

Net assets were 234,676 million yen. Of these, retained earnings were 168,694 million yen.

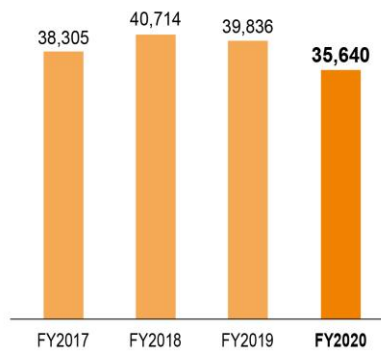
Consolidated Ordinary Income

(Unit: million yen)



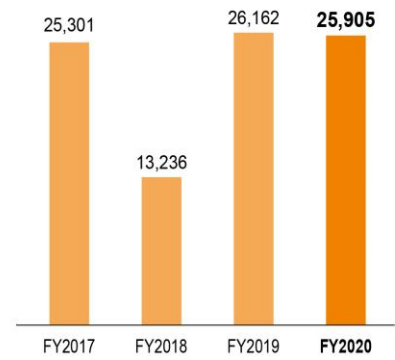
Consolidated Ordinary Profit

(Unit: million yen)



Net Income Attributable to Owners of the Parent

(Unit: million yen)



Issues the Bank's group needs to cope with

Since its establishment in 2001, the Bank has achieved firm and steady growth by pursuing ATM services that can be accessed “anytime, anywhere, by anyone, and with safety and security.”

However, our business environment is changing at an unprecedented speed, with the current impact of COVID-19, growing awareness of environmental and social issues, diversifying settlement methods in step with advances in digital technologies, and the entry of nonfinancial businesses into the financial sector. Amid such changes in the environment, we have re-examined the reason for and value of our existence and discussed what we can do for our customers, how we can contribute to solving society's problems, and how we ourselves need to change with the aim of achieving sustainable growth. The Bank exists to “Create a better version of daily life by going beyond the wishes of our customers.” Based on this *raison d'être*, the Bank has compiled in its new Medium-Term Management Plan (FY2021 – FY2025) the strategies and goals for the Seven Bank to achieve sustainable growth as a unique bank that is closely aligned to its customers and that succeeds in being close-by, convenient, reliable and secure.

<Overview and Basic Policy of the Medium-Term Management Plan>

Title: Medium-Term Management Plan (FY2021 – FY2025)

Period: April 1, 2021 – March 31, 2026

Positioning the period of the Medium-Term Management Plan as a period to give shape to our second growth toward the Bank's sustainable growth, we will promote three basic measures.

- 1) Diversify business in strategic areas through transforming the ATM platform business, our core business, and proactive investment
- 2) Position sustainability as the foundation of our long-term management strategies, help solve social issues that are becoming more serious and pronounced through our business activities, and promote new value creation in both society and the corporation in a sustainable manner
- 3) Promote corporate transformation in both business and operation which are the drivers to sustainable growth

<Growth strategies starting with our *raison d'être*>

We will promote the following four growth strategies to realize the Bank's *raison d'être* of “Create a better version of daily life by going beyond the wishes of our customers,” taking advantage of the strengths of the Bank's group.

Domestic business segment

- ATM platform strategies
 - Expand social value from cash-based platforms to service platforms (ATM+) and establish an overwhelming presence in the market
- Retail strategies
 - Strengthen cooperation with the Group and pursue unique product features
 - Comprehensively support the finances and everyday lives of non-Japanese residents and realize services that will be chosen by customers
- Corporate strategies
 - Capture the settlement needs of small and medium enterprises with a focus on the handling of cash
 - Provide functions and expand on-commission businesses to operating companies seeking to enter the financial sector and financial institutions seeking to streamline operations

Overseas business segment

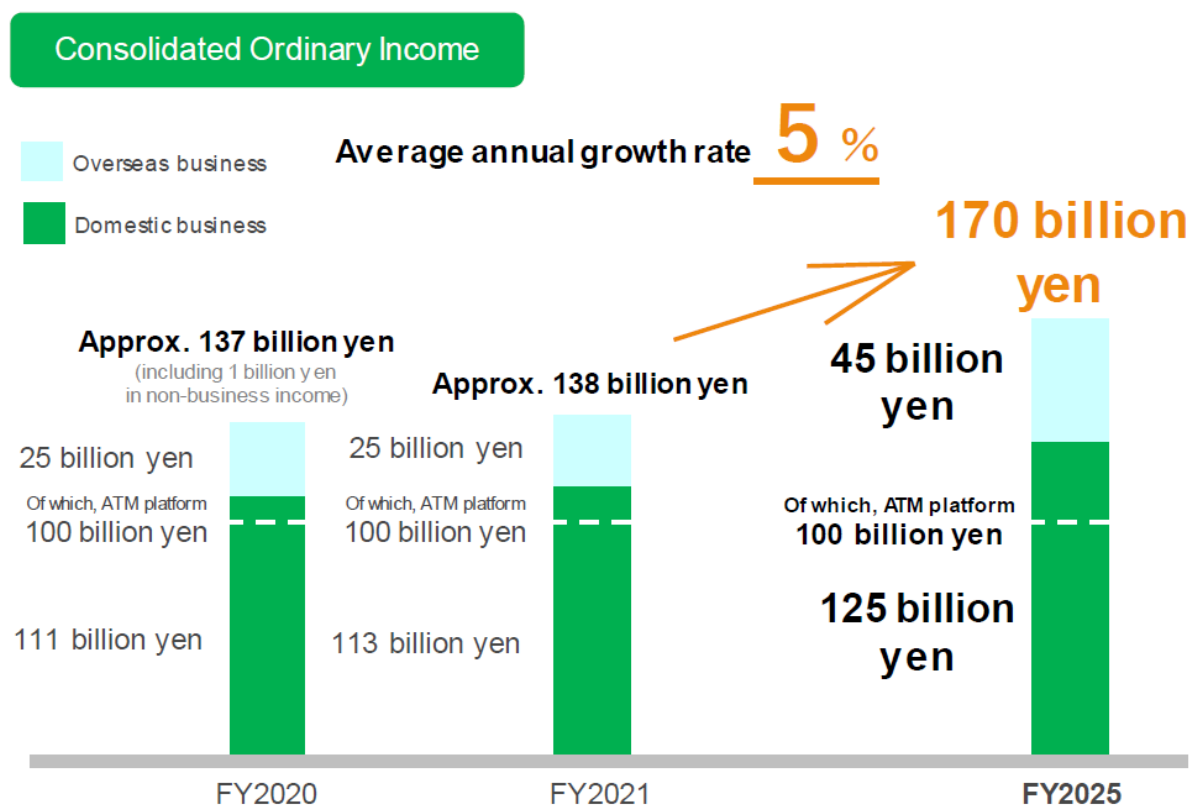
- Overseas strategies
 - Use the ATM business as a gateway to roll out multi-layered financial services in each country

<Major numerical targets of the Medium-Term Management Plan>

1) Income and expenditure plan

The following indicators are established as indicators for evaluating the degree of implementation of the Medium-Term Management Plan.

| | FY2020 Actual | FY2025 Target |
|------------------------------|-------------------|-------------------|
| Consolidated ordinary income | 137.2 billion yen | 170.0 billion yen |
| Consolidated ordinary profit | 35.6 billion yen | 35.0 billion yen |
| Return on equity (ROE) | 11.3% | 8.0% or more |



2) Investment plan

To steadily implement measures for the future expansion of income, we will invest a total of approximately 150 billion yen over five years, comprising 70 billion yen in growth investments in Japan and overseas based on long-term growth perspectives and to promote corporate transformation; 50 billion yen in investments to promote replacement of existing ATMs to fourth-generation ATMs for developing a platform to create new value for ATMs; and 30 billion yen in investments needed for business continuity, including the replacement and maintenance of various IT systems.

<Shareholder returns>

We view the major changes in the business environment during the period of the Medium-Term Management Plan as a good opportunity to raise the sustainability and growth potential of the Bank's group. To capture that growth opportunity, we will accelerate proactive investment aimed at future growth, but our position that stable shareholders returns are one of the most important tasks of the Bank's management remains unchanged. Leveraging the firm business model and solid financial base we have built to date, we will achieve both growth investment and shareholder returns.

The environment surrounding the Bank's group is changing dramatically and society's values are also undergoing radical change. Seeing these changes in the environment as opportunities, we believe that we can open up a path toward growth by addressing those changes boldly, flexibly, agilely, and proactively, without being caught up in conventional ideas. With our corporate principles of "We aim to be a sincere company that our customers, shareholders, business partners, local communities and employees trust." as the keystone of our corporate activities, the Bank's group will continue to deal with all stakeholders in good faith as a unique bank that succeeds in being close-by, convenient, reliable and secure. We will pursue our *raison d'être* at a profound level by striving to help solve social issues and improve corporate value at the same time.

We look forward to your continued support and guidance.

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

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

(Unit: millions of yen)

| | FY2017 | FY2018 | FY2019 | FY2020 |
|---|-----------|-----------|-----------|-----------|
| Ordinary income | 127,656 | 147,288 | 148,553 | 137,267 |
| Ordinary profit | 38,305 | 40,714 | 39,836 | 35,640 |
| Net income attributable to owners of the parent | 25,301 | 13,236 | 26,162 | 25,905 |
| Comprehensive income | 24,645 | 13,051 | 25,939 | 25,605 |
| Total net assets | 212,027 | 212,890 | 222,833 | 234,676 |
| Total assets | 1,022,485 | 1,141,926 | 1,085,885 | 1,197,158 |

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

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

(Unit: millions of yen)

| | FY2017 | FY2018 | FY2019 | FY2020 |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Deposits | 622,781 | 679,730 | 686,633 | 784,892 |
| Time deposits | 228,811 | 231,503 | 231,971 | 240,346 |
| Others | 393,969 | 448,226 | 454,662 | 544,545 |
| Bonds | 95,000 | 135,000 | 105,000 | 105,000 |
| Loans receivable | 23,799 | 23,439 | 23,528 | 24,350 |
| To individuals | 22,715 | 22,688 | 23,283 | 24,300 |
| To medium and small enterprises | — | — | — | — |
| Others | 1,083 | 751 | 244 | 50 |
| Commodity-related securities | — | — | — | — |
| Securities | 90,028 | 92,728 | 80,826 | 91,173 |
| Government bonds | — | — | — | — |
| Others | 90,028 | 92,728 | 80,826 | 91,173 |
| Total assets | 1,023,201 | 1,145,511 | 1,091,287 | 1,192,358 |
| Amount of domestic exchange handled | 35,607,658 | 36,717,770 | 37,273,102 | 37,065,517 |
| Amount of foreign exchange handled | Millions of U.S. dollars 479 | Millions of U.S. dollars 524 | Millions of U.S. dollars 598 | Millions of U.S. dollars 636 |
| Ordinary profit | 42,262 | 43,059 | 45,013 | 34,593 |
| Net income for the term | 29,106 | 14,572 | 27,675 | 15,825 |
| Net income per share for the term | Yen 24.43 | Yen 12.23 | Yen 23.42 | Yen 13.44 |

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

3. Employees of the Bank's group

| | Current FY end | |
|---------------------|-------------------|-------------------|
| | Domestic Business | Overseas Business |
| Number of employees | 662 | 147 |

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 of outlets and branch stores

| | Major outlet and branch store | Current FY end |
|---------------------------|-------------------------------|---------------------------|
| Tokyo metropolitan region | Headquarters and others | Total (Outlets) 18 (—) |

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, the Bank's consolidated subsidiary, Seven Global Remit, Ltd. has 2 sales offices (Tokyo Office and Nagoya Office).
3. In addition to the above, non-store ATMs were installed in 23,820 locations as of the end of FY2020.

(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) |
| Seven Global Remit, Ltd. | 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | Fund transfer for foreign nationals in Japan |
| Seven Payment Service, Ltd. | 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | Remittance and settlement services |

(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

Seven Global Remit, Ltd.: Head Office in Chiyoda-ku, Tokyo, Japan

ACSiON, Ltd.: Head Office in Chiyoda-ku, Tokyo, Japan

Credd Finance, 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

Pito AxM Platform, Inc.: Head Office in the Philippines

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

A. Total amount of investment

(Unit: millions of yen)

| Reportable Segment | Amount |
|--------------------|--------|
| Domestic business | 24,467 |
| Overseas business | 664 |
| Total | 25,132 |

Notes: 1. The above figure is rounded down 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 | 9,228 |
| | Software | 14,023 |

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

6. Principal parent company and subsidiary, etc.

A. Parent company

| Name | Location | Main businesses | 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 | Millions of yen 50,000 | % 46.26 (46.26) | (Note 2) |

Notes 1. Parentheses in the column of the percentage of voting rights indicate a ratio of indirect ownership.

2 The Bank does not have any agreements concluded regarding Group management with the parent company.

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 | Stated capital | Percentage of voting rights in subsidiaries, etc. owned by the Bank | Others |
|--------------------------------------|---|---|--|---|--------|
| FCTI, Inc. | California, USA | ATM operation | Millions of U.S. dollars 19 | % 100.00 | — |
| PT. ABADI TAMBAH MULIA INTERNASIONAL | Jakarta Special Capital Region, Indonesia | ATM operation | 100 millions of Indonesian rupiah 3,991 | 82.73 | — |
| Bank Business Factory Co., Ltd. | Yokohama, Kanagawa Prefecture, Japan | Commissioned clerical work | Millions of yen 130 | 100.00 | — |
| Seven Payment Service, Ltd. | Chiyoda-ku, Tokyo, Japan | Remittance and settlement services | Millions of yen 475 | 100.00 | — |
| Pito AxM Platform, Inc. | Manila Metropolitan Area, Republic of the Philippines | ATM operation | Millions of Philippine peso 85 | 100.00 | — |
| Seven Global Remit, Ltd. | Chiyoda-ku, Tokyo, Japan | Fund transfer for foreign nationals in Japan | Millions of yen 495 | 100.00 | — |
| ACSion, Ltd. | Chiyoda-ku, Tokyo, Japan | Personal authentication and fraud detection platform | Millions of yen 300 | 60.00 | — |
| Credd Finance, Ltd. | Chiyoda-ku, Tokyo, Japan | Money lending business for foreign nationals in Japan | Millions of yen 490 | 60.00 | — |

Notes: Other than the above, there are four 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

Not applicable

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 | | — |
| Katsuhiro Goto | Director | Vice President & Representative Director, Seven & i Holdings Co., Ltd. | — |
| Makoto Kigawa | Director (Outside Director) | Special Adviser, YAMATO HOLDINGS CO., LTD.; Outside Director, Komatsu Ltd.; Outside Director, Oki Electric Industry Co., Ltd.; Outside Corporate Auditor, The Higo Bank, Ltd. | (Note 2) |
| Toshihiko Itami | Director (Outside Director) | Attorney-at-law (Advisor, Nagashima Ohno & Tsunematsu); Outside Director, TODA CORPORATION; Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. | (Note 2) |
| Koichi Fukuo | Director (Outside Director) | Outside Director, Hitachi Metals, Ltd. | (Note 2) |
| Yukiko Kuroda | Director (Outside Director) | Director/Founder, People Focus Consulting; Outside Member of the Board, Mitsui Chemicals, Inc.; Independent Director, Terumo Corporation | (Note 2) |
| Akihiko Shimizu | Audit & Supervisory Board Member (full-time) | | (Note 3) |
| Kazuhiko Ishiguro | Audit & Supervisory Board Member (full-time) | Outside Audit & Supervisory Board Member, Signpost Corporation | — |
| Hideaki Terashima | Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) | Attorney-at-law (Harumi-kyowa Law Offices); Professor, Law School, Senshu University | (Note 2) |
| Yukie Toge | Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) | Representative Director, Felice Consulting Ltd.; Certified Public Accountant (Head of Toge Yukie CPA Office) | (Note 2) (Note 4) |

Notes: 1. The officer who resigned from his office during the fiscal year under review is as follows.

| (Name) | (Position at Resignation) | (Date of Resignation) |
|-------------|--|-----------------------|
| Isamu Hirai | Audit & Supervisory Board Member (full-time) | June 22, 2020 |

- Mr. Makoto Kigawa, Mr. Toshihiko Itami, Mr. Koichi Fukuo, Ms. Yukiko Kuroda, Mr. Hideaki Terashima and Ms. Yukie Toge have been registered as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.
- 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.
- Ms. Yukie Toge is qualified as a Certified Public Accountant and possesses considerable knowledge of finance and accounting.

2. Compensations, etc., for Company officers

A. Total amount of compensation by category of officers, total amount of compensation, etc. by class, and number of eligible officers

(Unit: millions of yen)

| Category | Recipients | Total compensation, etc. | Fixed compensation | Variable compensation (Performance-based compensation, etc.) | |
|-----------------------------------|------------|--------------------------|--------------------|--|---|
| | | | Basic compensation | Bonuses | Performance-based stock compensation (nonmonetary compensation, etc.) |
| Directors | 10 | 238 | 153 | 41 | 44 |
| Audit & Supervisory Board Members | 5 | 67 | 67 | — | — |
| Total | 15 | 305 | 220 | 41 | 44 |

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

2. The amounts listed for performance-based stock compensation are the amounts recognized in expenses for the fiscal year under review.

3. Upon transitioning from stock options to a performance-based stock compensation system as of August 11, 2020, the Bank now manages and operates the stock compensation system in an integrated manner. Directors will waive their unexercised and outstanding subscription rights to share previously granted to them as stock options, and as a transitional measure, the Directors will be granted points under the system that are equivalent to the number of shares that would have been acquired upon the exercise of the waived subscription rights to share (equivalent to a total of 860,000 shares). These points will basically only be exchanged for company shares after retirement, in the same manner as stock options prior to the transition. Also, because the amounts of remuneration from stock options prior to the transition have been disclosed, they are not included in the performance-based stock compensation column above.

B. Policy on Compensation of Officers and Compensation System for Officers (Outline of policy based on Article 361, Paragraph 7 of the Companies Act)

(a) Basic policy on compensation of officers

The Bank decides compensation of officers based on the following points.

- Ensuring a compensation system to promote sustainable improvement of corporate value with emphasis placed on the link to business performance
- Ensuring compensation systems and compensation levels with their responsibilities to secure highly capable human resources who lead and take responsibility for, in an appropriate manner, the supervision and execution of operations
- Ensuring a compensation system based on an objective and transparent process, and that is fair and equitable

(b) Method of determining compensation, etc. for individual directors in the fiscal year under review

The Bank has established a Nomination & Compensation Committee, comprising a total of four members made up of two independent Outside Directors and two Representative Directors, chaired by an independent Outside Director, as an advisory organization to the Board of Directors. The Nomination & Compensation Committee proposes specific amounts of compensation, etc. to be granted to Directors within the range of the total amount approved at the General Meeting of Shareholders, for determination by resolution of the Board of Directors. This procedure is stipulated in the Regulations for Officers, which is modified, amended or abolished upon resolution of the Board of Directors upon discussion with Audit & Supervisory Board Members.

Compensation, etc. for Audit & Supervisory Board Members is determined upon discussion at the Audit & Supervisory Board Members' meetings within the range of the total amount approved at the General Meeting of Shareholders.

(c) Compensation structure

The Bank's compensation structure for officers comprises "basic compensation" as fixed compensation and "bonuses" and "performance-based stock compensation" as variable compensation, which are applied as follows.

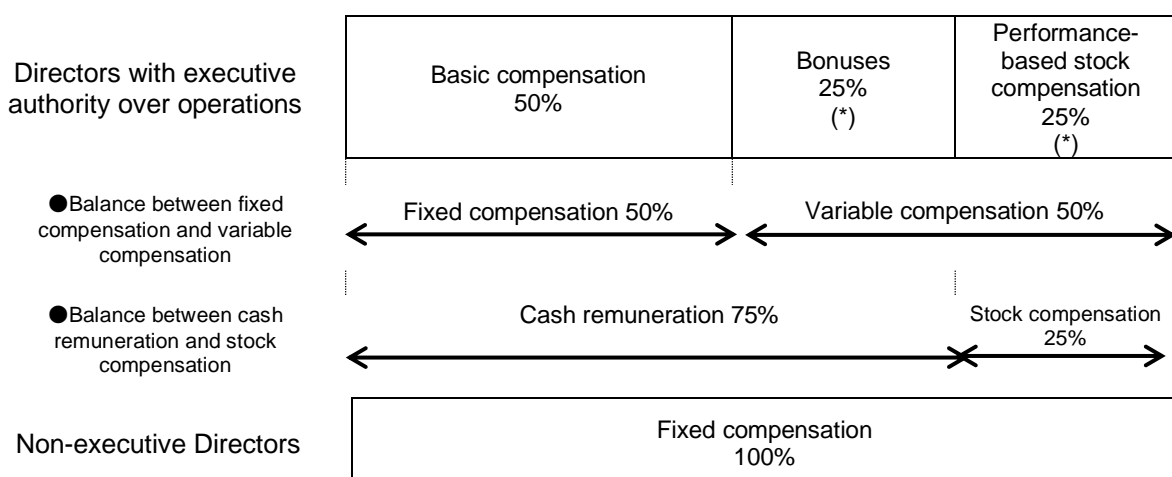
| | Fixed compensation | Variable compensation | |
|--|------------------------|-----------------------|--|
| | (a) Basic compensation | (b) Bonuses | (c) Performance-based stock compensation |
| Directors with executive authority over operations | ○ | ○ | ○ |
| Non-executive Directors | ○ | — | — |

Each plan is positioned as follows.

| | |
|--|--|
| (a) Basic compensation | Compensation aiming to encourage steady execution of duties commensurate with job rank |
| (b) Bonuses | Short-term incentives aiming to steadily achieve performance targets (milestones) for each fiscal year for the medium- to long-term improvement of corporate value |
| (c) Performance-based stock compensation | Medium- to long-term incentives for the medium- to long-term improvement of corporate value, aligning interests with shareholders |

The ratio of each plan has been decided as described below by resolution of the Board of Directors upon a proposal by the Nomination & Compensation Committee. Factors taken into account included a balance between fixed compensation and variable compensation, a balance between cash remuneration and stock compensation, and a balance between bonuses and stock compensation, which are incentives to execute management with a well-balanced perspective in both the short term and the medium to long term.

In addition, non-executive Directors and Audit & Supervisory Board Members receive only fixed compensation, as their role is to supervise the Bank's management from an objective and independent standpoint.



(*) Calculated on the assumption that bonuses and performance-based stock compensation are based on a standard compensation amount.

(d) Compensation level

To provide a competitive compensation level and thereby secure highly capable human resources, the Bank's compensation level for officers is determined by resolution of the Board of Directors upon a proposal by the Nomination & Compensation Committee. The Committee makes the proposal based on analysis and comparison of data on the compensation levels of a group of companies of the same size and operating in the same industry as the Bank, which was drawn from a larger body of objective data on compensation levels provided by an outside professional organization.

(e) Details of variable compensation and its calculation method

· Bonuses

Bonuses, which are provided as short-term incentives, will be determined by multiplying the standard amount of compensation for each job rank by performance-linked factors corresponding to the achievement of consolidated performance targets for the previous fiscal year.

· Performance-based stock compensation

Performance-based stock compensation, which is provided as a medium- to long-term

incentive, is composed of a “fixed portion,” which grants fixed points for each job rank, and a “performance-based portion,” which grants a varying number of points determined by job rank and performance. For each portion, points are granted and accumulate every year of the term of office of the relevant officer, and a number of the Bank’s shares corresponding to the amount of accumulated points will be delivered to the officer upon retirement.

The number of points (i.e., the number of shares to be delivered) to be provided in the performance-based portion will be determined by multiplying the number of points for each rank by performance-linked factors according to the achievement level of consolidated performance targets.

- Indicators for evaluation of variable compensation (performance indicators) and their evaluation methods

In order to make evaluation indicators well-balanced from the aspects of both sales volume and profitability, consolidated ordinary income and consolidated ordinary profit are used as the evaluation indicators.

| Plan | | Indicators and evaluation method |
|--------------------------------------|---------------------------|---|
| Bonuses | | <ul style="list-style-type: none"> · Evaluation based on the achievement status and process for performance targets (milestones) for the medium- and long-term improvement of corporate value, taking into account the management strategy of achieving “Growth in Our Main Business as We Diversify Our Operations” · Quantitative evaluation based on the achievement status of targets for consolidated ordinary income and consolidated ordinary profit in the previous fiscal year · Determination of a compensation amount in the range of 0% to 200% of the baseline amount |
| Performance-based stock compensation | Fixed portion | — |
| | Performance-based portion | <ul style="list-style-type: none"> · Evaluation based on the results of the medium- to long-term improvement of corporate value, taking into account the management strategy of achieving “Growth in Our Main Business as We Diversify Our Operations” · Quantitative evaluation based on the achievement status of consolidated ordinary income, consolidated ordinary profit, and other targets in the previous fiscal year · Determination of a number of points (i.e., the number of shares to be delivered) in the range of 0% to 200% of the baseline number of points |

- Targets and results of evaluation indicators for variable compensation

Fiscal year under review (From April 1, 2020 to March 31, 2021)

| Evaluation indicators | Target (millions of yen) | Result (millions of yen) | Achievement level of target (%) |
|------------------------------|--------------------------|--------------------------|---------------------------------|
| Consolidated ordinary income | 134,200 | 137,267 | 102.3% |
| Consolidated ordinary profit | 32,800 | 35,640 | 108.7% |

Note: Due to the difficulties in calculating appropriate and reasonable group performance forecasts at the beginning of the fiscal year resulting from the spread of COVID-19, the setting and announcement of targets were delayed. Consequently, the figures announced on August 7, 2020 in the Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 are used as targets of evaluation indicators for variable compensation in the fiscal year under review.

C. Method of determining the policy under Article 361, Paragraph 7 of the Companies Act

The policy on compensation of officers and compensation system for officers are determined by resolution of the Board of Directors upon a proposal by the Nomination & Compensation Committee.

D. Reasons the Board of Directors judges that the content of the compensation, etc. for individual Directors in the fiscal year under review is in line with the policy under Article 361, Paragraph 7 of the Companies Act

In determining the content of the compensation, etc. for individual Directors, the Nomination & Compensation Committee deliberates on the consistency between the content of the compensation, etc. for individual Directors and the determination policy from various perspectives. Therefore, the Board of Directors respects the Committee's proposals and judges that the contents are in line with the determination policy.

E. Matters concerning resolutions of the General Meeting of Shareholders concerning remuneration, etc. for Directors and Audit & Supervisory Board Members

- June 18, 2008: The amount of compensation for Audit & Supervisory Board Members shall be within 100,000,000 yen a year (Number of Audit & Supervisory Board Members at time of resolution: 4)
- June 19, 2012: The amount of compensation for Directors shall be within 350,000,000 yen a year (of which, within 60,000,000 yen a year for Outside Directors) (Number of Directors at time of resolution: 10, of which 4 Outside Directors)
- June 22, 2020: As compensation to Directors (excluding non-executive Directors and Directors residing overseas), grant performance-based stock compensation of up to 400 million yen every three fiscal years in a separate framework from the limit of compensation for Directors. Further, the limit on the number of points (number of shares) awarded every year to Directors will be 400,000 points (shares). However, for fiscal 2020, an additional amount of up to 400 million yen (up to 900,000 points (shares)) will be added to this as a transitional measure for the shift from stock compensation-type stock options. (Number of Directors (excluding non-executive Directors and Directors residing overseas) at time of resolution: 2)

3. Liability limitation agreements

| Name | Outline of liability limitation agreement |
|--|---|
| Katsuhiro Goto Makoto Kigawa Toshihiko Itami Koichi Fukuo Yukiko Kuroda Akihiko Shimizu Kazuhiko Ishiguro Hideaki Terashima Yukie Toge | 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. |

4. Matters concerning indemnity agreements

Not applicable.

3 Matters concerning Outside Company officers

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

| Name | Concurrent posts, etc. |
|-------------------|--|
| Makoto Kigawa | Special Adviser, YAMATO HOLDINGS CO., LTD.; Outside Director, Komatsu Ltd.; Outside Director, Oki Electric Industry Co., Ltd., Outside Corporate Auditor, The Higo Bank, Ltd. There are no major business interests and other relationships between the Bank and Komatsu Ltd., YAMATO HOLDINGS CO., LTD, Oki Electric Industry Co., Ltd., or The Higo Bank, Ltd. |
| Toshihiko Itami | Attorney-at-law (Advisor, Nagashima Ohno & Tsunematsu); Outside Director, TODA CORPORATION, Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. There are no major business interests and other relationships between the Bank and Nagashima Ohno & Tsunematsu, TODA CORPORATION, or JP-HOLDINGS, INC. |
| Koichi Fukuo | Outside Director, Hitachi Metals, Ltd. There are no major business interests and other relationships between the Bank and Hitachi Metals, Ltd. |
| Yukiko Kuroda | Director/Founder, People Focus Consulting; 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, Mitsui Chemicals, Inc., or Terumo Corporation. |
| Hideaki Terashima | Attorney-at-law (Harumi-kyowa Law Offices); Professor, Law School, Senshu University There are no major business interests and other relationships between the Bank and Harumi-kyowa Law Offices or Senshu University. |
| Yukie Toge | Representative Director, Felice Consulting Ltd.; Certified Public Accountant (Head of Toge Yukie CPA Office) There are no major business interests and other relationships between the Bank and Felice Consulting Ltd. or Toge Yukie CPA Office. |

2. Contribution of Outside Company officers

| Name | Appointment period | Attendance at meetings of the Board of Directors, etc., during the fiscal year | Verbal input and other contributions at meetings of the Board of Directors, etc. |
|-------------------|----------------------|--|--|
| Makoto Kigawa | June 2018 to present | Attended all 13 meetings of the Board of Directors | Fulfilled the roles expected by the Company, including actively contributing advice and opinions regarding management policy and company operations, drawing on his experience and insights as a corporate manager |
| Toshihiko Itami | June 2018 to present | Attended 12 of 13 meetings of the Board of Directors | Fulfilled the roles expected by the Company, including actively contributing advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on his experience and insights as an Attorney-at-law |
| Koichi Fukuo | June 2018 to present | Attended all 13 meetings of the Board of Directors | Fulfilled the roles expected by the Company, including actively contributing advice and opinions regarding management policy and company operations, drawing on his experience and insights as a corporate manager |
| Yukiko Kuroda | June 2018 to present | Attended 12 of 13 meetings of the Board of Directors | Fulfilled the roles expected by the Company, including actively contributing advice and opinions regarding management policy and company operations, drawing on her experience and insights as a corporate manager |
| Hideaki Terashima | June 2019 to present | Attended all 13 meetings of the Board of Directors Attended all 14 meetings of the Audit & Supervisory Board. | Actively contributed advice and opinions regarding management policy and company operations, drawing on his experience and insights as an Attorney-at-law |
| Yukie Toge | June 2019 to present | Attended all 13 meetings of the Board of Directors Attended all 14 meetings of the Audit & Supervisory Board. | Actively contributed advice and opinions regarding management policy and company operations, drawing on her experience and insights as a Certified Public Accountant and a management executive |

3. Remuneration for Outside Company officers

(Unit: millions of yen)

| | Recipients | Remuneration from the Bank | Remuneration from the Bank's parent company and others |
|--------------------------|------------|----------------------------|--|
| Total remuneration, etc. | 6 | 68 | — |

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

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 | 1,179,308 thousand shares |

2. Number of Shareholders as at the end of fiscal 2020 157,572

3. Major shareholders

| Shareholder name | Shareholding in the Bank | |
|--|------------------------------|-----------|
| | Number of shares | % holding |
| Seven-Eleven Japan Co., Ltd. | (thousand shares) 453,639 | 38.46 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 54,888 | 4.65 |
| Ito-Yokado Co., Ltd. | 46,961 | 3.98 |
| York-Benimaru Co., Ltd. | 45,000 | 3.81 |
| Custody Bank of Japan, Ltd. (trust account) | 31,837 | 2.69 |
| Sumitomo Mitsui Banking Corporation | 15,000 | 1.27 |
| The Dai-ichi Life Insurance Company, Limited | 15,000 | 1.27 |
| STATE STREET CLIENT OMNIBUS ACCOUNT OM44 | 10,220 | 0.86 |
| Custody Bank of Japan, Ltd. (trust account 5) | 10,103 | 0.85 |
| MUFG Bank, Ltd. | 10,000 | 0.84 |
| Nomura Research Institute, Ltd. | 10,000 | 0.84 |
| NEC Corporation | 10,000 | 0.84 |

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 (3,587 thousand shares) held by the BIP Trust for officer remuneration and the ESOP Trust, which grants the Bank's shares.

4. Officers' shareholdings

| | Number of officers receiving delivery of shares | Number of shares |
|--|---|------------------|
| Directors (excluding Outside Directors) | 1 | 64,263 |
| Outside Directors | — | — |
| Audit & Supervisory Board Members | — | — |

Notes: 1. The table above shows the number of shares in the Bank it delivered to its officers in the current fiscal year.

2. The number of shares includes 19,363 shares paid in cash at an amount converted at the time of the delivery of the shares, under the Share Delivery Rules of the Performance-Based Stock Compensation Plan.

5. Other important items concerning the Bank's shares

Not applicable

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

Not applicable

Note: As of August 11, 2020, the Bank transitioned to a performance-based stock compensation system for persons holding unexercised stock compensation system stock options previously allotted to them.

6 Matters concerning Accounting Auditors

1. Accounting Auditors

(Unit: millions of yen)

| Company and individual names | Remuneration, etc., for the fiscal year | Others |
|--|---|--|
| KPMG AZSA LLC Designated Limited Liability Partners: CPA Yukihiisa Tatsumi CPA Tomoaki Takeuchi | 61 | <p>1) 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.</p> <p>2) The Bank pays remuneration to the Accounting Auditors for support services concerning the calculation of the capital adequacy ratio, which are services outside the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).</p> |

Notes: 1. Figures in the table are rounded down 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. Total amount of money and other property benefits payable to the Accounting Auditors by the Bank and its subsidiary corporations or entities: 61 million yen

2. Limitation of liability contracts

Not applicable.

3. Indemnity agreements

Not applicable.

4. 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 and Pito AxM Platform, Inc. were audited by audit corporations other than the Accounting Auditors of the Bank (including a body with an equivalent qualification in a foreign jurisdiction).

7 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 "Basic Policy on Risk Control" comprising systematic provisions for risk control with the aim of securing a sound and effective management for the appropriate control of the 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 two times, understanding compliance-related issues and discussing the measures to address such issues. Furthermore, with “review of information management systems” set as a priority issue under the Bank’s compliance program, the scope and classification of confidential information were reviewed, and various types of training were provided.

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 four 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.

8 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.

9 Matters concerning specific wholly owned subsidiaries

Not applicable

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

Not applicable

11 Matters concerning accounting advisors

Not applicable

12 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.

Consolidated Balance Sheet
at the End of the 20th Term (as of March 31, 2021)

(Unit: million yen)

| Category | Amount | Category | Amount |
|---------------------------------|------------------|---|------------------|
| (Assets) | | (Liabilities) | |
| Cash and due from banks | 937,945 | Deposits | 782,658 |
| Securities | 78,154 | Negotiable certificates of deposits | 750 |
| Loans receivable | 24,329 | Borrowed money | 591 |
| Foreign exchanges | 0 | Bonds | 105,000 |
| ATM-related temporary payments | 83,681 | ATM-related temporary advances | 47,046 |
| Other assets | 17,442 | Other liabilities | 25,098 |
| Tangible fixed assets | 19,218 | Reserve for bonuses | 610 |
| Buildings | 1,690 | Net defined benefit liability | 6 |
| ATMs | 14,342 | Reserve for stocks payment | 634 |
| Other (tangible fixed assets) | 3,185 | Deferred tax liabilities | 87 |
| Intangible fixed assets | 34,857 | Total liabilities | 962,482 |
| Software | 26,215 | (Net assets) | |
| Other (intangible fixed assets) | 8,642 | Capital stock | 30,724 |
| Net defined benefit asset | 909 | Capital surplus | 30,724 |
| Deferred tax assets | 707 | Retained earnings | 168,694 |
| Allowance for losses | (88) | Treasury stock | (1,081) |
| | | Total shareholders' equity | 229,061 |
| | | Valuation difference on available-for-sale securities | 440 |
| | | Foreign currency translation adjustment | 3,407 |
| | | Remeasurements of defined benefit plans | 359 |
| | | Total accumulated other comprehensive income | 4,207 |
| | | Non-controlling interests | 1,407 |
| | | Total net assets | 234,676 |
| Total assets | 1,197,158 | Total liabilities and net assets | 1,197,158 |

Consolidated Statement of Income
for the 20th Term (from April 1, 2020, to March 31, 2021)

(Unit: million yen)

| Category | Amount | |
|--|----------------|----------------|
| Ordinary income | | 137,267 |
| Interest income | 3,609 | |
| Interest on loans receivable | 3,475 | |
| Interest and dividends on securities | 29 | |
| Interest on call loans | 1 | |
| Interest on deposits with banks | 102 | |
| Fees and commissions income | 131,709 | |
| Remittance-related fee income | 3,438 | |
| ATM-related fee income | 123,501 | |
| Other fees and commissions income | 4,769 | |
| Other ordinary income | 201 | |
| Other income | 1,746 | |
| Other | 1,746 | |
| Ordinary expenses | | 101,626 |
| Interest expenses | 539 | |
| Interest on deposits with banks | 67 | |
| Interest on negotiable certificates of deposits | 0 | |
| Interest on call money | (9) | |
| Interest on borrowings and rediscounts | 14 | |
| Interest on bonds | 467 | |
| Fees and commissions expenses | 35,360 | |
| Remittance-related fee expense | 1,773 | |
| ATM placement fee expenses | 28,282 | |
| ATM-related fee expenses | 2,444 | |
| Other fees and commissions expenses | 2,859 | |
| General and administrative expenses | 64,308 | |
| Other expenses | 1,418 | |
| Provision of allowance for credit losses | 63 | |
| Other expenses | 1,355 | |
| Ordinary profit | | 35,640 |
| Extraordinary income | | 273 |
| Gain on disposal of non-current assets | 273 | |
| Extraordinary losses | | 258 |
| Losses on disposal of non-current assets | 258 | |
| Income before income taxes | | 35,655 |
| Income taxes - current | 9,867 | |
| Income taxes - deferred | 51 | |
| Total income taxes | | 9,918 |
| Net income | | 25,737 |
| Loss attributable to non-controlling shareholders | | (168) |
| Net income attributable to owners of the parent | | 25,905 |

Consolidated Statement of Changes in Net Assets

for the 20th Term (from April 1, 2020, to March 31, 2021)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of April 1, 2020 | 30,702 | 30,757 | 155,760 | (338) | 216,882 |
| Changes in items during the period | | | | | |
| Issuance of new shares | 21 | 21 | — | — | 43 |
| Dividends from surplus | — | — | (12,971) | — | (12,971) |
| Net income attributable to owners of the parent | — | — | 25,905 | — | 25,905 |
| Purchase of treasury stock | — | — | — | (770) | (770) |
| Disposal of treasury stock | — | — | — | 27 | 27 |
| Net change in capital surplus arising from change in interest of consolidated subsidiaries | — | (54) | — | — | (54) |
| Net changes in items other than shareholders' equity | — | — | — | — | — |
| Total changes in items during the period | 21 | (33) | 12,934 | (742) | 12,179 |
| Balance as of March 31, 2021 | 30,724 | 30,724 | 168,694 | (1,081) | 229,061 |

| | 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, 2020 | 499 | 3,767 | 62 | 4,329 | 274 | 1,346 | 222,833 |
| Changes in items during the period | | | | | | | |
| Issuance of new shares | — | — | — | — | — | — | 43 |
| Dividends from surplus | — | — | — | — | — | — | (12,971) |
| Net income attributable to owners of the parent | — | — | — | — | — | — | 25,905 |
| Purchase of treasury stock | — | — | — | — | — | — | (770) |
| Disposal of treasury stock | — | — | — | — | — | — | 27 |
| Net change in capital surplus arising from change in interest of consolidated subsidiaries | — | — | — | — | — | — | (54) |
| Net changes in items other than shareholders' equity | (59) | (360) | 296 | (122) | (274) | 60 | (336) |
| Total changes in items during the period | (59) | (360) | 296 | (122) | (274) | 60 | 11,842 |
| Balance as of March 31, 2021 | 440 | 3,407 | 359 | 4,207 | — | 1,407 | 234,676 |

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: 8
Name of the subsidiary firm (corporation): FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., Seven Payment Service, Ltd., Pito AxM Platform, Inc., Seven Global Remit, Ltd., ACSiON, Ltd., and Credd Finance, Ltd.
 - (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: 4
Name of affiliates: Seven Pay Co., Ltd., TORANOTEC Ltd., TORANOTEC Asset Management Ltd., and Metaps Payment Inc.
 - (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
 - (5) Matters deemed necessary to be stated concerning procedures for applying equity method
For companies to which the equity method is applied that have different closing dates for the settlement of accounts from the consolidated closing date, the financial statements as of each fiscal year of such companies are used.
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: 3 companies
March 31: 5 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 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 (cost of securities sold 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 is 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, the allowance for losses is provided in the Bank's estimated amount of credit losses for the following fiscal year 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 October 8, 2020, by The Japanese Institute of Certified Public Accountants (JICPA)). Of which, on the basis of loss ratios, determined by the average for a fixed period of time of historical credit loss ratios or historical bankruptcy ratios, which is based on credit loss history or bankruptcy loss history in the fiscal year, the estimated amount of credit losses is calculated by making requisite amendments, including future projections, to the loss ratios. 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.

For consolidated subsidiary firms and subsidiary corporations, an allowance for losses for general credits is provided for estimated amounts based on historical credit loss ratios; for specific credits such as credits with loss possibility, an allowance for losses is provided for estimated unrecoverable amounts based on assessment of recoverability.

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) 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 588 million yen and the number of such shares was 1,895 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 492 million yen and the number of such shares was 1,691 thousand.

(Accounting estimates associated with the spread of COVID-19)

In determining whether impairment should be applied to securities, the Bank made accounting estimates after reflecting in business plan figures the assumption that the impact of COVID-19 would remain at some of the issuers for a certain period of time following the end of the consolidated fiscal year under review, in light of their lines of business. As a result, the Bank determined that impairment was not required to be applied for the consolidated fiscal year under review.

These estimates are based on information available at the time when the consolidated financial statements were prepared. Any change to the situation on the spread of COVID-19 and its economic implications may have an impact on the consolidated financial statements for the next and subsequent consolidated fiscal years.

Important notes

(Consolidated balance sheet)

1. Total amount of stocks of (and investments in) subsidiaries and affiliates (excluding stocks of [and investments in] consolidated subsidiary firms and subsidiary corporations): 1,703 million yen
2. Among loans receivable, credits to bankrupt obligors were 3 million yen, and loans in arrears were 42 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.
3. Among loans receivable, loans in arrears for three months or more were 0 million yen.
 "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 46 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. As collateral for exchange settlement and Bank of Japan current overdraft transactions, securities of 70,618 million yen have been provided. Also, 2,124 million yen in guarantees and a deposit of 800 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 23,965 million yen. This includes the unused balance of funds in the amount of 23,965 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 62,219 million yen

(Consolidated statement of income)

796 million yen of equity in losses of affiliates is included in "Other expenses."

(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 | 1,179,129 | 179 | — | 1,179,308 | (Note 1) |
| Total | 1,179,129 | 179 | — | 1,179,308 | |
| Treasury stock | | | | | |
| Common stock | 798 | 2,853 | 64 | 3,587 | (Notes 2, 3) |
| Total | 798 | 2,853 | 64 | 3,587 | |

Notes: 1. 179 thousand shares increase of shares issued resulted from the exercise of subscription rights to shares.

2. The number of treasury shares increased by 2,853 thousand shares due to purchase of the Bank's shares by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation. The number of treasury shares decreased by 64

thousand shares due to the delivery of the Bank's shares held by the BIP Trust for officer remuneration.

3. The numbers of treasury shares as of April 1, 2020 and March 31, 2021 include 798 thousand shares and 3,587 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:

Not applicable

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 22, 2020 | Common stock | 6,485 million yen | 5.50 yen | March 31, 2020 | June 1, 2020 |
| At the Board of Directors' meeting held on November 6, 2020 | Common stock | 6,486 million yen | 5.50 yen | September 30, 2020 | December 1, 2020 |

Note: 1. The total amount of dividends determined by resolution of the Board of Directors at its meeting held on May 22, 2020, 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 6, 2020, includes dividends of 19 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, 2021, 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 21, 2021 | Common stock | 6,486 million yen | Retained earnings | 5.50 yen | March 31, 2021 | June 1, 2021 |

Note: The total amount of dividends includes dividends of 19 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 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 and are exposed to credit risks arising from the nonperformance of contract by customers; however, the risks are limited, as most of 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 situations where the market is unavailable under certain conditions.

(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 the 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 Risk Management Group under 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 every quarter, 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, 2021, was a total of 2,578 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 Risk Management Group under 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, 2021, 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* | 937,883 | 937,883 | — |
| (2) Securities | | | |
| Other securities | 71,298 | 71,298 | — |
| (3) Loans receivable | 24,329 | | |
| Allowance for losses* | (1) | | |
| | 24,327 | 24,327 | 0 |
| (4) ATM-related temporary payments* | 83,676 | 83,676 | — |
| Total assets | 1,117,184 | 1,117,185 | 0 |
| (1) Deposits | 782,658 | 782,733 | 74 |
| (2) Negotiable certificates of deposits | 750 | 750 | — |
| (3) Borrowed money | 591 | 591 | — |
| (4) Bonds | 105,000 | 105,939 | 939 |
| (5) ATM-related temporary advances | 47,046 | 47,046 | — |
| Total liabilities | 936,046 | 937,059 | 1,013 |

* 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. The market value of fixed interest-rate loans receivable is calculated by discounting the sum of the principal and interest of such loans receivable, divided into categories of set types and periods, at the expected rate for similar new loans.

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 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.

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 | 3,379 |
| Stocks of affiliates and others*1 | 1,703 |
| Subscription rights to shares*1 *3 | 0 |
| Investment in partnership*4 | 1,773 |
| Total | 6,856 |

Notes:

*1 Unlisted stocks, stocks of affiliates and others 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 38 million yen on unlisted stocks was recorded for the consolidated fiscal year under review.

*3 An impairment loss of 49 million yen on subscription rights to shares was recorded for the consolidated fiscal year under review.

*4 Of investment in partnership, those whose partnership 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 | 135,698 | — | — | — | — | — |
| Securities | | | | | | |
| Other securities with maturity | 11,300 | 50,831 | 8,184 | — | — | — |
| Municipal bonds | 700 | 16,731 | 3,584 | — | — | — |
| Bonds | 10,600 | 34,100 | 4,600 | — | — | — |
| Loans receivable*2 | 24,274 | 8 | — | — | — | — |
| ATM-related temporary payments | 83,681 | — | — | — | — | — |
| Total | 254,953 | 50,839 | 8,184 | — | — | — |

Notes:

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

*2 Loans receivable: The amount (46 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.

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* | 667,129 | 68,516 | 47,012 | — | — | — |
| Negotiable certificates of deposit | 750 | — | — | — | — | — |
| Borrowed money | 591 | — | — | — | — | — |
| Bonds | — | 40,000 | 15,000 | 30,000 | 20,000 | — |
| ATM-related temporary advances | 47,046 | — | — | — | — | — |
| Total | 715,516 | 108,516 | 62,012 | 30,000 | 20,000 | — |

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

(Securities)

1. Securities held for trading purposes (as of March 31, 2021)

Not applicable

2. Bonds held to maturity (as of March 31, 2021)

Not applicable

3. Other securities (as of March 31, 2021)

| | 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 | 679 | 151 | 527 |
| | Bonds | 36,153 | 36,138 | 15 |
| | Municipal bonds | 16,821 | 16,815 | 6 |
| | Corporate bonds | 19,332 | 19,322 | 9 |
| | Subtotal | 36,833 | 36,290 | 543 |
| Securities whose consolidated balance sheet amounts do not exceed acquisition costs | Bonds | 34,464 | 34,480 | (15) |
| | Municipal bonds | 4,284 | 4,285 | (0) |
| | Corporate bonds | 30,179 | 30,194 | (15) |
| | Subtotal | 34,464 | 34,480 | (15) |
| Total | | 71,298 | 70,770 | 527 |

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2020, to March 31, 2021)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2020, to March 31, 2021)

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).
4. The Bank abolished the stock options as share-based compensation plan and transitioned to a performance-based stock compensation plan effective August 11, 2020; therefore, there were no subscription rights to shares at the end of the consolidated fiscal year under review.

(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, 2021 (fiscal year 2020), 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 | 45,000 | 55,000 | 9,000 | 180,000 |
| Granted | — | — | — | — |
| Exercised | 0 | 0 | 9,000 | 32,000 |
| Forfeited | 45,000 | 55,000 | 0 | 148,000 |
| Outstanding | 0 | 0 | 0 | 0 |

| | 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 | 187,000 | 13,000 | 146,000 | 20,000 |
| Granted | — | — | — | — |
| Exercised | 33,000 | 0 | 25,000 | 0 |
| Forfeited | 154,000 | 13,000 | 121,000 | 20,000 |
| Outstanding | 0 | 0 | 0 | 0 |

| | 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 | 93,000 | 10,000 | 81,000 | 18,000 |
| Granted | — | — | — | — |
| Exercised | 19,000 | 0 | 17,000 | 0 |
| Forfeited | 74,000 | 10,000 | 64,000 | 18,000 |
| Outstanding | 0 | 0 | 0 | 0 |

| | 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 | 58,000 | 19,000 | 160,000 | 39,000 |
| Granted | — | — | — | — |
| Exercised | 12,000 | 0 | 32,000 | 0 |
| Forfeited | 46,000 | 19,000 | 128,000 | 39,000 |
| Outstanding | 0 | 0 | 0 | 0 |

Note: The Bank abolished the stock options as share-based compensation plan and transitioned to a performance-based stock compensation plan. Forfeited subscription rights to shares resulted from that granted but unexercised subscription rights to shares were waived on the condition of equivalent points being granted under the performance-based stock compensation plan.

(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 | – | – | 302 | 302 |
| 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 | 302 | – | 302 | – |
| 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 | 302 | – | 302 | – |
| 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 | 302 | – | 302 | – |
| 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.

(Per share information)

| | |
|---|------------|
| Net assets per share | 198.40 yen |
| Net income attributable to owners of the parent per share | 22.01 yen |
| Diluted net income attributable to owners of the parent per share | 22.00 yen |

Note: 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 3,587 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 2,511 thousand.

(Significant subsequent events)

Not applicable

Balance Sheet
at the End of the 20th Term (as of March 31, 2021)

(Unit: million yen)

| Category | Amount | Category | Amount |
|--|------------------|--|------------------|
| (Assets) | | (Liabilities) | |
| Cash and due from banks | 927,647 | Deposits | 784,892 |
| Cash | 800,202 | Ordinary deposits | 544,460 |
| Due from banks | 127,445 | Time deposits | 240,346 |
| Securities | 91,173 | Other deposits | 84 |
| Municipal bonds | 21,106 | Negotiable certificates of deposits | 750 |
| Bonds | 49,511 | Bonds | 105,000 |
| Stocks | 9,349 | Other liabilities | 68,262 |
| Other securities | 11,205 | Income taxes payable | 4,157 |
| Loans receivable | 24,350 | Accrued expenses | 6,118 |
| Loan on deeds | 50 | ATM-related temporary advances | 47,046 |
| Current overdrafts | 24,300 | Asset retirement obligations | 361 |
| Foreign exchanges | 0 | Other | 10,578 |
| Due from foreign banks | 0 | Reserve for bonuses | 363 |
| Other assets | 97,739 | Reserve for stocks payment | 634 |
| Prepaid expenses | 1,366 | Acceptances and guarantees | 769 |
| Accrued income | 8,867 | Total liabilities | 960,671 |
| ATM-related temporary payments | 83,152 | | |
| Other | 4,353 | (Net assets) | |
| Tangible fixed assets | 17,194 | Capital stock | 30,724 |
| Buildings | 1,612 | Capital surplus | 30,724 |
| ATMs | 12,761 | Legal capital surplus | 30,724 |
| Other (tangible fixed assets) | 2,819 | Retained earnings | 170,879 |
| Intangible fixed assets | 32,518 | Legal retained earnings | 0 |
| Software | 25,085 | Other retained earnings | 170,879 |
| Software-related temporary accounts | 7,429 | Retained earnings brought forward | 170,879 |
| Other (intangible fixed assets) | 4 | Treasury stock | (1,081) |
| Prepaid pension cost | 369 | Total shareholders' equity | 231,246 |
| Deferred tax assets | 759 | Valuation difference on available-for-sale securities | 440 |
| Customers' liabilities for acceptances and guarantees | 769 | Total valuation and translation adjustments | 440 |
| Allowance for losses | (164) | Total net assets | 231,687 |
| Total assets | 1,192,358 | Total liabilities and net assets | 1,192,358 |

Statement of Income
for the 20th Term (from April 1, 2020, to March 31, 2021)

(Unit: million yen)

| Category | Amount | |
|--|----------------|----------------|
| Ordinary income | | 111,672 |
| Interest income | 3,605 | |
| Interest on loans receivable | 3,489 | |
| Interest and dividends on securities | 29 | |
| Interest on call loans | 1 | |
| Interest on deposits with banks | 85 | |
| Fees and commissions income | 106,729 | |
| Remittance-related fee income | 3,438 | |
| ATM-related fee income | 99,310 | |
| Other fees and commissions income | 3,980 | |
| Other ordinary income | 211 | |
| Gains on foreign exchange transactions | 211 | |
| Other income | 1,126 | |
| Other | 1,126 | |
| Ordinary expenses | | 77,078 |
| Interest expenses | 524 | |
| Interest on deposits with banks | 67 | |
| Interest on negotiable certificates of deposits | 0 | |
| Interest on call money | (9) | |
| Interest on borrowings and rediscounts | 0 | |
| Interest on bonds | 467 | |
| Fees and commissions expenses | 20,176 | |
| Remittance-related fee expense | 1,773 | |
| ATM placement fee expenses | 15,911 | |
| ATM-related fee expenses | 575 | |
| Other fees and commissions expenses | 1,916 | |
| General and administrative expenses | 56,138 | |
| Other expenses | 238 | |
| Provision of allowance for credit losses | 113 | |
| Written-off equity securities | 88 | |
| Other expenses | 36 | |
| Ordinary profit | | 34,593 |
| Extraordinary losses | | 726 |
| Losses on disposal of non-current assets | 226 | |
| Losses on valuation of shares of subsidiaries and affiliates | 499 | |
| Income before income taxes | | 33,867 |
| Income taxes - current | 9,721 | |
| Income taxes - deferred | 8,320 | |
| Total income taxes | | 18,041 |
| Net income | | 15,825 |

Statement of Changes in Net Assets
for the 20th Term (from April 1, 2020, to March 31, 2021)

(Unit: million yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|--|-------------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | | Treasury stock | Total shareholder's 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, 2020 | 30,702 | 30,702 | 30,702 | 0 | 168,025 | 168,025 | (338) | 229,091 |
| Changes in items during the period | | | | | | | | |
| Issuance of new shares | 21 | 21 | 21 | — | — | — | — | 43 |
| Dividends from surplus | — | — | — | — | (12,971) | (12,971) | — | (12,971) |
| Net income | — | — | — | — | 15,825 | 15,825 | — | 15,825 |
| Purchase of treasury stock | — | — | — | — | — | — | (770) | (770) |
| Disposal of treasury stock | — | — | — | — | — | — | 27 | 27 |
| Net changes of items other than shareholders' equity | — | — | — | — | — | — | — | — |
| Total changes of items during the period | 21 | 21 | 21 | — | 2,854 | 2,854 | (742) | 2,154 |
| Balance as of March 31, 2021 | 30,724 | 30,724 | 30,724 | 0 | 170,879 | 170,879 | (1,081) | 231,246 |

| | 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, 2020 | 499 | 499 | 274 | 229,866 |
| Changes in items during the period | | | | |
| Issuance of new shares | — | — | — | 43 |
| Dividends from surplus | — | — | — | (12,971) |
| Net income | — | — | — | 15,825 |
| Purchase of treasury stock | — | — | — | (770) |
| Disposal of treasury stock | — | — | — | 27 |
| Net changes of items other than shareholders' equity | (59) | (59) | (274) | (334) |
| Total changes of items during the period | (59) | (59) | (274) | 1,820 |
| Balance as of March 31, 2021 | 440 | 440 | — | 231,687 |

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, affiliates and others 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 (cost of securities sold 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. Translation of assets and liabilities denominated in foreign currencies

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

4. Provisioning standards

(1) Allowance for 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, the allowance for losses is provided in the Bank's estimated amount of credit losses for the following fiscal year 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 October 8, 2020, by The Japanese Institute of Certified Public Accountants (JICPA)). Of which, on the basis of loss ratios, determined by the average for a fixed period of time of historical credit loss ratios or historical bankruptcy ratios, which is based on credit loss history or bankruptcy loss history in the fiscal year, the estimated amount of credit losses is calculated by making requisite amendments, including future projections, to the loss ratios. 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 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.

5. Other significant matters forming the basis of preparing financial statements

(1) Retirement benefits

The method of accounting for the unappropriated amount of unrecognized actuarial differences related to retirement benefits differs from that used for consolidated financial statements.

(2) Consumption taxes, etc.

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)."

(Accounting estimates associated with the spread of COVID-19)

In determining whether impairment should be applied to securities, the Bank made accounting estimates after reflecting the impact of COVID-19 for some of the issuers. The outline of these estimates 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: 14,739 million yen
2. Among the loans receivable, credits to bankrupt obligors were 3 million yen, and loans in arrears were 42 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 45 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. As collateral for exchange settlement and Bank of Japan current overdraft transactions, securities of 70,618 million yen have been provided. Also, 1,984 million yen in guarantees and a deposit of 800 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 23,965 million yen. This includes the unused balance of funds in the amount of 23,965 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 58,307 million yen
9. The Bank provided a guarantee of 769 million yen on loan obligations of PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank, to financial institutions.
10. Total monetary claims on subsidiaries and affiliates 283 million yen
11. Total monetary liabilities payable to subsidiaries and affiliates 37,341 million yen
12. 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), one fifth of the amount by which retained earnings has been reduced as a result of the payment of a dividend from retained earnings 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)

1. Profit from trading with subsidiaries and affiliates

| | |
|--|-------------------|
| Total income from fund management transactions | 14 million yen |
| Total income from fee transactions, etc. | 1,076 million yen |
| Total income from other transactions and other ordinary transactions | 84 million yen |
2. 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. | 14,116 million yen |
| Total costs deriving from other transactions | 1,940 million yen |
3. Losses on valuation of shares of subsidiaries and affiliates of 499 million yen occurred upon the valuation of TORANOTEC Ltd., an equity-method affiliate of the Bank.

(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 | 798 | 2,853 | 64 | 3,587 | (Notes 1, 2) |
| Total | 798 | 2,853 | 64 | 3,587 | |

Notes:

1. The number of treasury shares increased by 2,853 thousand shares due to purchase of treasury stock by the BIP Trust for officer remuneration and the ESOP Trust for stock allocation. The number of treasury shares decreased by 64 thousand shares due to the delivery of the Bank's shares held by the BIP Trust for officer remuneration.
2. The numbers of treasury shares as of April 1, 2020 and March 31, 2021 include 798 thousand shares and 3,587 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, 2021)
Not applicable
2. Bonds held to maturity (as of March 31, 2021)
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2021)
There are no shares in subsidiary firms, subsidiary corporations, affiliates and others that have market value.

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

| | Balance sheet amount (million yen) |
|--|---------------------------------------|
| Stocks of subsidiary firms and subsidiary corporations | 12,739 |
| Stocks of affiliates and others | 2,000 |
| Total | 14,739 |

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, 2021)

| | Class | Balance sheet amount (million yen) | Acquisition cost (million yen) | Gains/losses (million yen) |
|--|-----------------|--|-----------------------------------|-------------------------------|
| Securities whose balance sheet amounts exceed acquisition costs | Stocks | 679 | 151 | 527 |
| | Bonds | 36,153 | 36,138 | 15 |
| | Municipal bonds | 16,821 | 16,815 | 6 |
| | Corporate bonds | 19,332 | 19,322 | 9 |
| | Subtotal | 36,833 | 36,290 | 543 |
| Securities whose balance sheet amounts do not exceed acquisition costs | Bonds | 34,464 | 34,480 | (15) |
| | Municipal bonds | 4,284 | 4,285 | (0) |
| | Corporate bonds | 30,179 | 30,194 | (15) |
| | Subtotal | 34,464 | 34,480 | (15) |
| Total | | 71,298 | 70,770 | 527 |

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

| Classification | Balance sheet amount (million yen) |
|-------------------------------|---------------------------------------|
| Unlisted stocks | 3,363 |
| Subscription rights to shares | 0 |
| Investments in partnership | 1,773 |
| Total | 5,136 |

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 and subscription rights to shares, recording impairment losses of 38 million yen and 49 million yen, respectively.

5. Bonds held to maturity sold during the fiscal year (from April 1, 2020, to March 31, 2021)

Not applicable

6. Other securities sold during the fiscal year (from April 1, 2020, to March 31, 2021)

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)

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

| | (million yen) |
|---|---------------|
| Deferred tax assets: | |
| Losses on valuation of shares of subsidiaries and affiliates, etc. | 7,524 |
| Unpaid corporate tax | 337 |
| Excess depreciation charge | 287 |
| Reserve for stocks payment | 194 |
| Reserve for bonuses | 111 |
| Asset retirement obligations | 110 |
| Excess bad debt reserve | 50 |
| Investments in partnership | 25 |
| Accrued expenses (previously Provision for directors' retirement benefits) | 6 |
| Other | 80 |
| Subtotal deferred tax assets | 8,729 |
| Valuation allowance (Note) | (7,636) |
| Total deferred tax assets | 1,092 |
| Deferred tax liabilities: | |
| Valuation difference on available-for-sale securities | (194) |
| Prepaid pension cost | (113) |
| Adjustment to tangible fixed assets related to asset retirement obligations | (22) |
| Other | (2) |
| Total deferred tax liabilities | (333) |
| Net deferred tax assets | 759 |

Note: Valuation allowance increased by 7,636 million yen mainly because a valuation allowance for future deductible temporary differences that cannot be scheduled, which is associated with changes made to company classification, was recognized at the time when the recoverability of deferred tax assets was determined.

2. Major components of significant differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting

| | (%) |
|--|--------------|
| Statutory tax rate | 30.62 |
| (Adjustment) | |
| Increase (decrease) in valuation allowance | 22.54 |
| Other | 0.11 |
| Effective income tax rate after application of tax effect accounting | <u>53.27</u> |

(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 38.46% | Contracts related to installation & operation of ATM business capital transactions | Payment of fees for ATM installation (Note 1) | 14,116 | Accrued expense s (Note 2) | 1,381 |

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.

There are no material transactions of note.

(3) Companies with the same parent and subsidiaries of other affiliated companies, etc.

There are no material transactions of note.

(4) Directors and individual shareholders, etc.

There are no material transactions of note.

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 197.06 yen

Basic earnings per share 13.44 yen

Diluted earnings per share 13.44 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 3,587 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 2,511 thousand.

(Significant subsequent events)

Not applicable

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC, Tokyo Office

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

Tomoaki Takeuchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Seven Bank, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act 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 for the conveniences of the reader.

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC, Tokyo Office

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

Tomoaki Takeuchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules ("the financial statements and the supplementary schedules") of Seven Bank, Ltd. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

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 the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the supplementary schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

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 misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report
(English Translation)

Regarding the performance of duties by the Directors for the 20th fiscal year from April 1, 2020, to March 31, 2021, 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, 2020, 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 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 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 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 21, 2021

Audit & Supervisory Board, Seven Bank, Ltd.

Full-time Audit & Supervisory Board Member

Akihiko Shimizu (seal)

Full-time Audit & Supervisory Board Member

Kazuhiko Ishiguro (seal)

Outside Audit & Supervisory Board Member

Hideaki Terashima (seal)

Outside Audit & Supervisory Board Member

Yukie Toge (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.

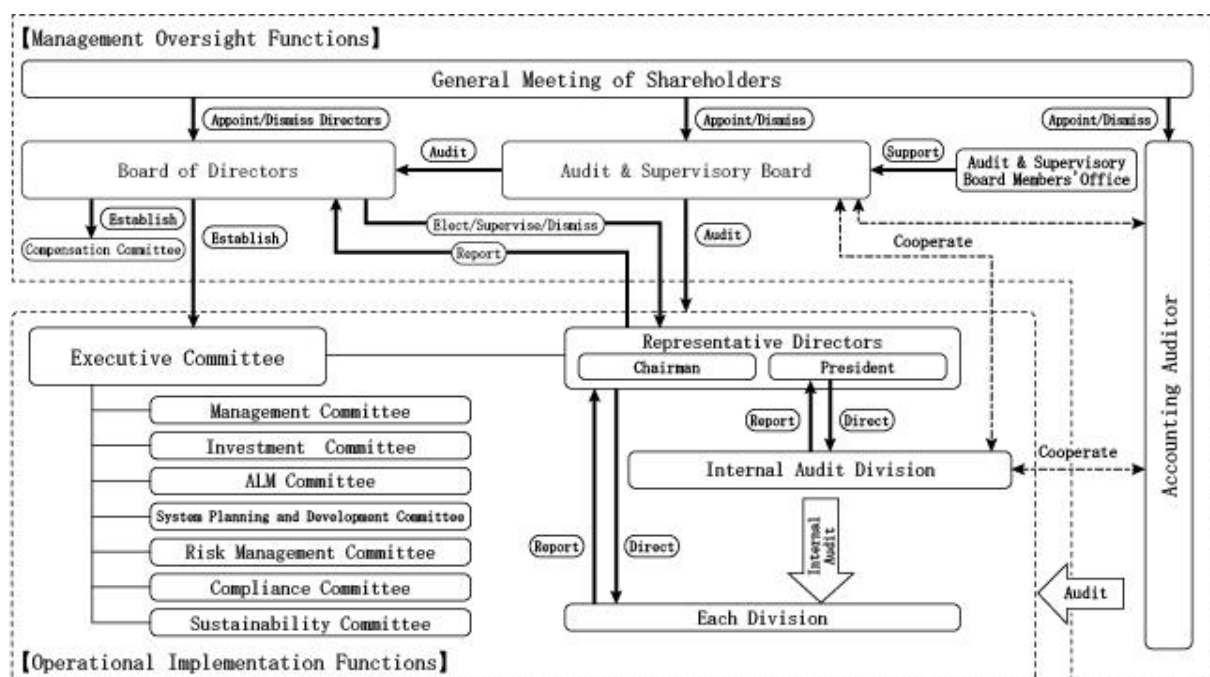
«URL of the page regarding corporate governance»

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

«Corporate Governance Guidelines»

https://www.sevenbank.co.jp/english/ir/pdf/20210511_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. Protection of Rights of Minority Shareholders

《Guidelines on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder》

Seven & i Holdings Co., Ltd. is the Bank's parent company, indirectly holding 46.26% of its voting rights, and therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. When conducting transactions, etc., with the parent company, the Bank will comply with the arm's-length rule under the Banking Law, which is a rule established to prevent the soundness of the Bank's management from being compromised through conflict-of-interest transactions. The Bank fully confirms the necessity for such transactions and that the conditions of such transactions do not differ significantly from conditions of usual transactions with third parties.

《Relationship with the Bank's parent company, Seven & i Holdings Co., Ltd.》

The Bank believes that in order to achieve sound and sustainable growth, it is essential to engage in business development (innovation) by integrating collaboration with various partners to an advanced degree based on our credibility and transparency of management as a corporate entity. Furthermore, we recognize that listing on the market is one of the most effective means to ensure the Bank's credibility and transparency of management. As an independently listed company, the Bank independently and autonomously deliberates and determines our own business strategies, personnel policies, capital policies, etc., as we engage in our own operating activities. In addition, in order to ensure the necessary independence from our parent company, we have established a Nomination & Compensation Committee, which is chaired by an independent Outside Director, as an advisory body to the Board of Directors. This Committee deliberates on matters concerning recommendations for candidates for Directors and Executive Officers. In this way, independence from the parent company is ensured regarding the appointment of top management personnel. Further, the Bank also has Outside Directors and Outside Audit & Supervisory Board Members with a certain degree of independence who supervise to ensure that no conflict of interest arises between our parent company and shareholders other than the parent company. The Bank does not have any agreements concluded regarding Group management with the parent company. In addition, to comply with the disclosure obligations, etc. of the parent company, the Bank has established the Guidelines for Reporting of Material Facts with the parent company and reports to the parent company accordingly. These reports are limited to matters that impact the parent company's timely disclosure, materially impact the parent company's consolidated financial statements, and may potentially impair the credibility of the Seven & i Group.

The parent company's approach and policy regarding group management are as follows:

"Although the Company owns the listed subsidiary, Seven Bank, Ltd., from the standpoint of respecting the independence of Seven Bank, Ltd., we value the management decisions of the said listed subsidiary, and respect the independent and autonomous deliberation and determination of its business strategies, personnel policies, capital policies, etc., as it engages in its own operating activities. Moreover, the Company also considers it to be preferable, from the standpoint of Group management, for Seven Bank to enhance its corporate value through its own growth strategies, etc."

(Excerpt from "Seven & i Management Report" issued by Seven & i Holdings Co., Ltd. (February 3, 2021 edition))