

CONVOCAION NOTICE OF THE 21ST ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 21st 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 p.m. on Friday, June 17, 2022.

Yours Sincerely,

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

Date and time Monday, June 20, 2022, at 10 a.m. (Doors open at 9 a.m.)

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

Agenda of the Meeting

Matters to be Reported	1. Business Report and Report on the Consolidated Financial Statements for the 21st Fiscal Period (from April 1, 2021, to March 31, 2022) 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 21st Fiscal Period (from April 1, 2021, to March 31, 2022).
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Matters to be Resolved	Proposal 1 Partial Amendments to the Articles of Incorporation Proposal 2 Election of Eight (8) Directors Proposal 3 Election of One (1) Substitute Audit & Supervisory Board Member
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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 or electronic 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.

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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 20, 2022, at 10 a.m.

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 p.m., Friday, June 17, 2022

Via the Internet

Please access the voting service Web site (<https://www.evot.tr.mufig.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 p.m., Friday, June 17, 2022

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.

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)

- Taking into consideration the situation where the spread of COVID-19 has not ended, 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, 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 wearing face masks at the Meeting.

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/>

For inquiries relating to the system, etc., please contact:

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division (Help Desk): 0120-173-027

Operating hours: 9:00 a.m. to 9:00 p.m.

Proposal 1: Partial Amendments to the Articles of Incorporation

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Bank shall be amended as follows.

- ## 2. Details of amendments

(Amended parts are underlined.)

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Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p>2. Among the matters to be provided <u>electronically, the Bank may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p><u>(Supplementary Provisions)</u></p> <p>1. The deletion of Article 14 (Disclosure of Reference Materials for General Meeting of Shareholders, etc. via the Internet and Deemed Provision) of the current Articles of Incorporation and the new establishment of the proposed Article 14 (Measures for Electronic Provision, etc.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Effective Date").</p> <p>2. Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</p> <p>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</p>

Proposal 2: Election of Eight (8) 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 eight (8) Directors, including two (2) newly appointed Directors.

Candidates for the position of Director are as follows.

Candidate number		Name	Position	Attendance at meetings of the Board of Directors during fiscal 2021
1	Reappointed	Yasuaki Funatake	President and Representative Director	Attended all 13 meetings (100%)
2	Newly appointed	Masaaki Matsuhashi	Senior Managing Executive Officer	—
3	Reappointed	Katsuhiro Goto	Director	Attended 12 of 13 meetings (92.3%)
4	Reappointed	Makoto Kigawa	Outside Director Independent Officer	Director Attended 12 of 13 meetings (92.3%)
5	Reappointed	Toshihiko Itami	Outside Director Independent Officer	Director Attended 12 of 13 meetings (92.3%)
6	Reappointed	Koichi Fukuo	Outside Director Independent Officer	Director Attended all 13 meetings (100%)
7	Reappointed	Yukiko Kuroda	Outside Director Independent Officer	Director Attended all 13 meetings (100%)
8	Newly appointed	Etsuhiro Takato	Outside Director Independent Officer	—

Candidate number	Name (Date of birth)	Biography, position, and business in charge, and significant concurrent positions		Number of Company shares owned
1	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, the Bank</p> <p>May 2006 General Manager of Project Development Division, the Bank</p> <p>Jun. 2006 Executive Officer, General Manager of Project Development Division, the Bank</p> <p>Jun. 2008 Director, Executive Officer, General Manager of Business Promotion Division, the Bank</p> <p>Jun. 2010 Director, Managing Executive Officer, General Manager of Planning Division, the Bank</p> <p>Jun. 2013 Director, Senior Managing Executive Officer, General Manager of Planning Division, the Bank</p> <p>Apr. 2014 Director, Senior Managing Executive Officer, the Bank</p> <p>Jun. 2016 Director, Executive Vice President, the Bank</p> <p>Jun. 2018 President and Representative Director, the Bank (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>		214,700
2	Masaaki Matsuhashi (April 6, 1962) Newly appointed	<p>Apr. 1983 Joined NEC Engineering, Ltd. (current name: NEC Platforms, Ltd.)</p> <p>Apr. 2002 Joined NEC Corporation</p> <p>Apr. 2003 Joined the Bank</p> <p>Apr. 2009 General Manager of ATM Solution Division, the Bank</p> <p>Jun. 2011 Executive Officer, General Manager of ATM Solution Division, the Bank</p> <p>Jul. 2015 Managing Executive Officer, General Manager of ATM Solution Division, the Bank</p> <p>Apr. 2016 Managing Executive Officer, the Bank</p> <p>Jun. 2018 Senior Managing Executive Officer, the Bank</p> <p>Jul. 2021 Senior Managing Executive Officer, General Manager of Corporate Transformation Division, the Bank</p> <p>Oct. 2021 Senior Managing Executive Officer, the Bank (present post)</p> <p>[Business in Charge] Seven Labo Corporate Transformation Division</p> <p>[Reasons for appointing the candidate for Director] Mr. Masaaki Matsuhashi, as Senior Managing Executive Officer of the Bank, has controlled the Bank's IT strategies 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>		13,700

Candidate number	Name (Date of birth)	Biography, position and business in charge, and significant 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, Ito-Yokado Co., Ltd.</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>Mar. 2022 Director, Seven-Eleven Japan Co., Ltd. (present post)</p> <p>[Significant Concurrent Positions] Vice President & Representative Director, Seven & i Holdings Co., Ltd. Director, Seven-Eleven Japan 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. and a Director of Seven-Eleven Japan 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, YAMATO TRANSPORT CO., LTD.</p> <p>Jun. 2006 Representative Director and Senior Executive Officer, YAMATO TRANSPORT CO., LTD.</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, YAMATO HOLDINGS CO., LTD.</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.</p> <p>Apr. 2022 Director, The Higo Bank, Ltd. (present post)</p> <p>[Significant Concurrent Positions] Special Adviser, YAMATO HOLDINGS CO., LTD. Outside Director, Komatsu Ltd. Outside Director, Oki Electric Industry Co., Ltd. Outside Director, 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 significant 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>[Significant Concurrent Positions]</p> <p>Attorney-at-law (Nagashima Ohno & Tsunematsu)</p> <p>Outside Director, TODA CORPORATION</p> <p>Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles]</p> <p>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, Honda Motor Co., Ltd.</p> <p>Jun. 2010 Managing Officer, Honda Motor Co., Ltd.</p> <p>Apr. 2014 Senior Managing Officer, Honda Motor Co., Ltd.</p> <p>Nov. 2014 Executive Vice President, Honda R&D Co., Ltd.</p> <p>Apr. 2015 President and Representative Director, Honda R&D Co., Ltd.</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>[Significant Concurrent Position]</p> <p>Outside Director, Hitachi Metals, Ltd.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles]</p> <p>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.</p> <p>Jun. 2018 Director, the Bank (present post)</p> <p>Jun. 2018 Director, Terumo Corporation (present post)</p> <p>[Significant Concurrent Positions]</p> <p>Director/Founder, People Focus Consulting</p> <p>Outside Director, Terumo Corporation</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles]</p> <p>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

Candidate number	Name (Date of birth)	Biography, position, and business in charge, and significant concurrent positions	Number of Company shares owned
8	Etsuhiro Takato (February 6, 1957) Newly appointed Independent Officer Outside Director	<p>Apr. 1979 Joined Ajinomoto Co., Inc.</p> <p>Aug. 2002 President, PT Ajinomoto Indonesia</p> <p>Jul. 2007 General Manager, Industrial Umami Seasonings Dept., Amino Acids Company, Ajinomoto Co., Inc.</p> <p>Jun. 2009 Corporate Executive Officer, Ajinomoto Co., Inc.</p> <p>Jun. 2009 President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.</p> <p>Jun. 2013 Member of the Board & Corporate Vice President, Ajinomoto Co., Inc.</p> <p>Jun. 2013 President, Ajinomoto Co., (Thailand) Ltd.</p> <p>Jan. 2015 President, Ajinomoto SEA Regional Headquarters Co., Ltd.</p> <p>Jun. 2015 Member of the Board & Corporate Senior Vice President, Ajinomoto Co., Ltd.</p> <p>Jun. 2016 General Manager, Food Products Division, Ajinomoto Co., Ltd.</p> <p>Jun. 2017 Representative Director & Corporate Senior Vice President, Ajinomoto Co., Ltd.</p> <p>Jun. 2019 Member of the Board, Ajinomoto Co., Ltd.</p> <p>Jun. 2020 Chairman, Umami Manufacturers Association of Japan (present post)</p> <p>Jun. 2021 Advisor, Ajinomoto Co., Inc. (present post)</p> <p>Mar. 2022 Director, Milbon Co., Ltd. (present post)</p> <p>[Significant Concurrent Positions] Advisor, Ajinomoto Co., Inc. Outside Director, Milbon Co., Ltd.</p> <p>[Reasons for appointing the candidate for Outside Director and Outline of Expected Roles] Mr. Etsuhiro Takato possesses experience and insight in corporate management, marketing, and global duties from working at Ajinomoto Co., Inc. 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 provide supervision and guidance regarding management policies and business operations drawing on his experience and insight in corporate management, marketing, and global duties.</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, and as Director of Seven-Eleven Japan Co., Ltd.
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, Ms. Yukiko Kuroda and Mr. Etsuhiro Takato 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.
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 four 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. In addition, if the election of candidate Mr. Etsuhiro Takato is approved as originally proposed, the Bank intends to conclude the same contract for limitation of liability with him.
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, including the Bank (excluding some subsidiaries). The insurance contract is scheduled to be renewed in September 2022.
Each of the candidates who is an incumbent director is insured under the insurance contract, and if each candidate assumes or reassumes office as director, he/she will be insured under the insurance contract.
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. In addition, if the election of Mr. Etsuhiro Takato is approved as originally proposed, the Bank intends to register him as Independent Officer with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.
Candidate Mr. Makoto Kigawa concurrently holds offices as Special Adviser of YAMATO HOLDINGS and Outside Director 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.

(Reference) Skill Matrix of Directors and Audit & Supervisory Board Members

We believe that the role of Directors and Audit & Supervisory Board Members is to realize appropriate business management by supervising and auditing business execution while fully understanding the social mission and responsibilities of the banking business.

In order to properly fulfill this role, we utilize the skill matrix when appointing Directors and Audit & Supervisory Board Members, and aim for a well-balanced composition of members with diverse skills and expertise.

Position	Name	Corporate Management	Sales and Marketing	Product Development & IT	Global	Human Resources & Labor	Financial Affairs and Finance	Legal Affairs & Risk Management
President and Representative Director	Yasuaki Funatake	○	○			○	○	
Senior Managing Executive Officer	Masaaki Matsuhashi	○	○	○				
Director	Katsuhiro Goto	○	○	○				
Outside Director (Independent Officer)	Makoto Kigawa	○				○	○	○
Outside Director (Independent Officer)	Toshihiko Itami					○		○
Outside Director (Independent Officer)	Koichi Fukuo	○	○	○	○			
Outside Director (Independent Officer)	Yukiko Kuroda	○			○	○		
—	Etsuhiro Takato	○	○		○			

Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro			○				○
Full-time Audit & Supervisory Board Member	Ryoji Sakai				○		○	○
Outside Audit & Supervisory Board Member (Independent Officer)	Hideaki Terashima					○		○
Outside Audit & Supervisory Board Member (Independent Officer)	Yukie Toge			○			○	

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 20th Ordinary General Meeting of Shareholders held on June 21, 2021, 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 significant concurrent positions	Number of Company shares owned
Chieko Ogawa (February 14, 1963)	<p>Apr. 2005 Registered as a Certified Public Accountant</p> <p>Apr. 2006 Joined Nihombashi Corporation</p> <p>Jun. 2009 Joined Resources Global Professionals Japan K.K.</p> <p>Sep. 2010 Registered as a Certified Public Accountant in Washington State, United States</p> <p>Feb. 2014 Registered as a Certified Tax Accountant</p> <p>Apr. 2014 Head of Ogawa CPA Office (present post)</p> <p>Apr. 2016 Representative Audit Commissioner in Toda City, Saitama Prefecture (present post)</p> <p>Jun. 2017 Member of the Board (Member of the Audit & Supervisory Committee), Yorozu Corporation (present post)</p> <p>[Significant Concurrent Positions]</p> <p>Certified Public Accountant and Certified Tax Accountant (Head of Ogawa CPA Office)</p> <p>Representative Audit Commissioner in Toda City, Saitama Prefecture</p> <p>Member of the Board (Outside) (Member of the Audit & Supervisory Committee), Yorozu Corporation</p> <p>[Reasons, etc. for appointing the candidate for Substitute Outside Audit & Supervisory Board Member]</p> <p>Although Ms. Chieko Ogawa has not been involved in corporate management other than as an Outside Director or Outside Auditor, we can expect her to utilize her international insight as a Certified Public Accountant in auditing our management. Therefore, the Bank judges her to be a suitable candidate for Substitute Outside Audit & Supervisory Board Member.</p>	0

- Notes: 1. Candidate Ms. Chieko Ogawa 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 Ogawa.
3. If candidate Ms. Chieko Ogawa 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, including the Bank (excluding some subsidiaries). The insurance contract is scheduled to be renewed in September 2022.
- If the candidate for Audit & Supervisory Board Member assumes office, she will be insured under the insurance contract.
- The Bank fully covers the insurance premiums for its Directors, Audit & Supervisory Board Members, and Executive Officers.
5. If candidate Ms. Chieko Ogawa 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 Cred 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, the Bank's group provides ATM services and financial services. Overseas, it provides ATM services in the United States, Indonesia, and the Philippines.

(1) Domestic business segment

Regarding the provision of ATM services, 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 domestic financial institutions, the Bank's group provides ATM services to numerous customers using its convenient ATM network which operates 24/365 in principle.

Regarding the provision of financial services, 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 for customers who have an account with the Bank. The Bank's group is also developing financial services that meet the needs of various customers by utilizing the knowledge of the Bank's group and collaborating with external corporations.

(2) Overseas business segment

FCTI, Inc., a consolidated subsidiary of the Bank, is developing ATM services in the United States, including the installation of ATMs at Seven-Eleven stores.

PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank in Indonesia, is developing local ATM services. Moreover, Pito AxM Platform, Inc., a consolidated subsidiary of the Bank in the Philippines, is working on installing ATMs at Seven-Eleven stores and developing ATM services.

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

While the effects of the novel coronavirus disease (COVID-19) have been prolonged, the Japanese economy during the consolidated fiscal year under review continued to gradually recover, despite some weaknesses, due to the improvement of the vaccination rate and the effects of various measures. However, the outlook remains uncertain due to the spread of the new variant (Omicron variant) and the rise in raw material prices.

Business developments and outcomes

(1) Domestic business segment

During the consolidated fiscal year under review, harsh circumstances continued due to the spread of COVID-19, but, in addition to the recovery in the number of transactions at financial institutions for deposits and savings, there was a steady increase in the number of transactions using the Bank's ATMs to charge cash into various cashless settlement methods. As a result, the total number of ATM transactions was significantly higher than in the same period of the previous fiscal year.

In addition to creating an environment where one can receive services anytime and anywhere through the alternative of ATM operation and the active installation of ATMs outside the group, the Bank's group has started to enable application through ATMs for using an Individual

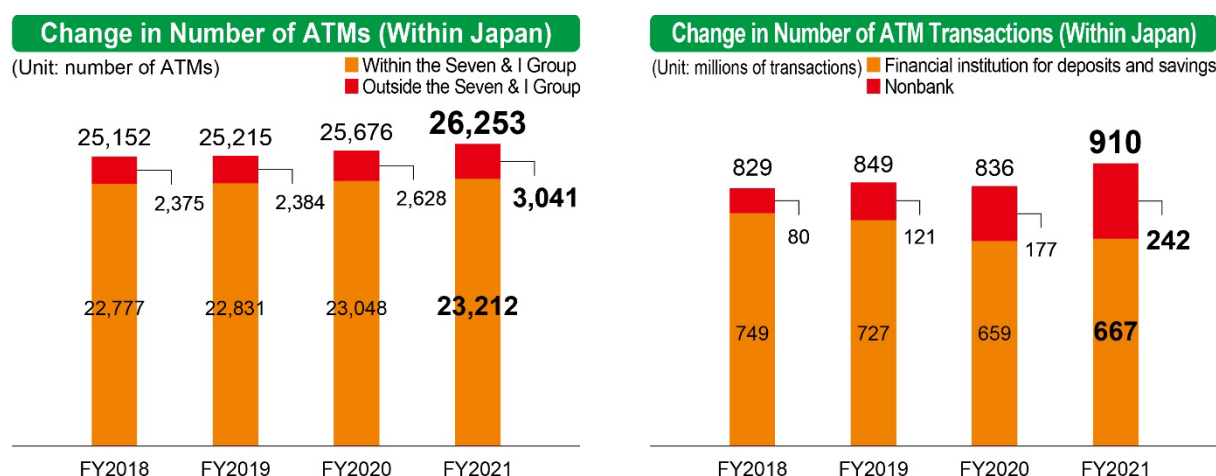
Number Card as a health insurance card, and ATM identity authentication services as a demonstration experiment, steadily promoting the evolution of “ATM+.”

The number of our ATMs installed reached 26,253 as of March 31, 2022 (up 2.2% compared with the end of March 2021). The average number of daily transactions per ATM was 96.5 (up 6.5% year over year), and a total of 910 million ATM transactions were recorded (up 8.8% year over year).

As of March 31, 2022, we had partnered with 620 financial institutions, etc.* and the number of fourth-generation ATMs installed was 10,178 as of March 31, 2022 (up 69.0% compared with the end of March 2021).

Due to the impact of COVID-19 and trends in raw material prices, the business environment outlook remains uncertain, but the Bank’s group will continue to promote the ATM platform strategy that flexibly responds to changes in society and customer needs by developing the social value of ATMs from a cash-based platforms to “ATM+.”

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



Moreover, the smartphone app, “My Seven Bank” has been very well received due to its simple and easy-to-use UI and UX, in addition to its 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, 2022, the cumulative number of downloads reached 1.51 million. The number of individual customer accounts increased steadily to 2,528,000 (up 6.9% compared with the end of March 2021), the balance of individuals’ deposits was 550,700 million yen (up 6.1% year over year) and the balance of loan services for individual customers was 28,000 million yen (up 15.3% year over year).

The “Seven Bank Deferred Payment Service” was launched on September 21, 2021, and the total amount handled up to March 31, 2022 reached 21,000 million yen.

In February 2022, the Bank agreed to provide securities trading services to Seven Bank account holders in collaboration with Smartplus Ltd. The Bank is preparing for the start of services through the “My Seven Bank” app as a financial intermediary.

Recognizing that changes in society are 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

Despite economic stimulus measures such as the provision of benefits implemented by the United States government in the first quarter of the fiscal year that boosted the number of ATM transactions, FCTI, Inc., the Bank’s consolidated subsidiary, saw the number of ATM transactions fall below that of the corresponding period of the previous year due to the prolonged impact of COVID-19. 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, 2021 totaled 9,004 (down 3.8% compared to December 31, 2020), including 8,688 ATMs (up 1.5% compared to December 31, 2020) 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

2021 to December 2021), due to the reorganization of ATMs with low profitability installed outside of United States 7-Eleven stores, which the Bank has been implementing for some time, as well as a decrease in the number of ATM transactions caused by the renewed spread of COVID-19 after the third quarter of the fiscal year, and other factors, ordinary income was 206.3 million U.S. dollars (down 9.1% year over year), ordinary profit was 16.4 million U.S. dollars (down 28.2% year over year), and net profit was 35.9 million U.S. dollars (up 45.9% year over year).

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 2,551 as of December 31, 2021 (up 249.4% compared to December 31, 2020).

Additionally, Pito AxM Platform, Inc., a consolidated subsidiary of the Bank in the Philippines, started the ATM operation business in February 2021 and installed ATMs at 7-Eleven stores in the Philippines, and the number of ATMs installed was 1,249 as of December 31, 2021.

(3) Operating results

As for the consolidated results of our operations in fiscal 2021, despite an increase in the total number of ATM transactions, the introduction of a new ATM-related fee income system for banks, as well as future growth investment and cost increases, including fourth-generation ATMs, were the main backdrop for ordinary income to record 136,667 million yen (down 0.4% year over year). Ordinary profit was 28,255 million yen (down 20.7% year over year), and net income attributable to owners of the parent was 20,827 million yen (down 19.6% year over year).

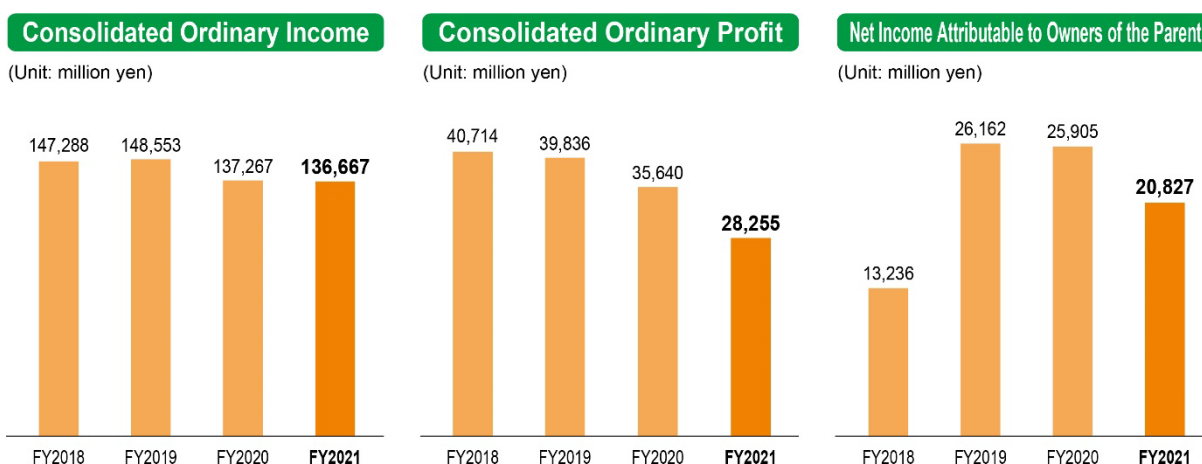
As for the Bank's non-consolidated business results, ordinary income was 110,298 million yen (down 1.2% year over year), ordinary profit was 28,412 million yen (down 17.8% year over year), and net income was 18,135 million yen (up 14.5% year over year).

(4) Assets, liabilities and net assets

Total assets at the end of March 2022 were 1,221,623 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 931,404 million yen. The remainder mostly consisted of marketable securities of 89,945 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 84,461 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 977,509 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 789,937 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 423,038 million yen and the balance of individuals' time deposits was 127,720 million yen.

Net assets were 244,113 million yen. Of these, retained earnings were 176,549 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, as the steady trend towards digitalization and a cashless society progresses, the spread of COVID-19 has shaken society and the economy, and greatly accelerated this trend. Amid the COVID-19 pandemic, customer behaviors and the values that customers seek for companies are drastically changing. On the other hand, as the risk of natural disasters due to climate change increases on a global scale, the ideal form of corporate management that strives for the realization of a sustainable society is being examined.

In order to respond to big changes in the business environment, last year, the Bank redefined its raison d'être (purpose) to “Create a better version of daily life by going beyond the wishes of our customers.” Moreover, the Bank formulated and announced the Medium-Term Management Plan (FY2021 – FY2025) to achieve sustainable growth.

The Bank's group sees these environmental changes as opportunities for further reform and leap, and by addressing the following issues, the group will aim to realize sustainable growth and continue to be a company that is needed by customers and society.

<Domestic business segment>

■ ATM platform strategies

- The ATM cash-based platform business, which has been the Bank's core business thus far, is now at a major turning point. With the acceleration of cashless payments, cash deposit and withdrawal transactions with financial institutions have continued to decline, but on the other hand, cash charge transactions with QR code settlement companies have increased significantly. As a result, the Bank's number of ATM transactions has increased, exceeding the average number of ATM transactions before the spread of COVID-19 (the year before last year). Analyzing such usage trends, it appears that there is still a strong need for cash transactions in Japan. Recognizing that changes in the settlement environment are opportunities for new ATM services, the Bank will continue its efforts to provide customers with secure and convenient services.
- The installation of fourth-generation ATMs began in September 2019, and due to progress with replacement, the number of fourth-generation ATMs has reached 40% of the total number of ATMs. Utilizing the newly implemented functions (personal authentication function, scanning function, etc.) of the fourth-generation ATM, the Bank will develop new ATM services that go beyond cash transactions in the fields of administration, medical care, financial services, etc.

■ Retail strategies

- In the financial retail field, in addition to conventional financial institutions, various companies, such as Fintech companies, are appearing and competition is intensifying. The Bank will strengthen cooperation with the Seven & i Group and expand its efforts to develop and provide exceptional financial products unique to a bank that originated in a distribution group.

■ Corporate strategies

- The Bank has strived to expand the services provided to financial institutions and general businesses regarding bank-quality administrative skills, safe and secure fund management/fund transfer mechanisms, and high-security technologies including authentication that are the Bank's strengths accumulated since its founding. In recent years, the Bank has quickly adopted the evolving DX technology, and aims to expand the scale of business through collaboration with external companies.

<Overseas business segment>

■ Overseas strategies

- FCTI, Inc., the Bank's consolidated subsidiary in the United States, is still in the process of recovering the number of transactions affected by the prolonged effects of COVID-19, but the reorganization of ATMs with low profitability has progressed and the Bank has achieved a financial structure that can secure stable profits. On the other hand, despite concerns about an increase in procurement costs due to the expected rise in U.S. interest rates in the future, the Bank will take measures to minimize the impact on the market

interest rate by stopping cost increases utilizing financial derivatives and formulating measures for cash reduction in ATMs. At the same time, the Bank will provide new financial services utilizing an ATM network of approximately 9,000 ATMs.

- In Asia, the Bank is developing ATM services in two countries, Indonesia and the Philippines, and accelerating the expansion of the number of ATMs installed. In both countries, high demand is expected to continue as there are not enough ATMs installed that users need in their daily lives. The Bank will promote the development of ATM networks in both countries and then, using ATMs as an introduction, strive to bring about multi-layered financial services.

<Realization of a sustainable society>

- The Bank's group positioned sustainability as the basis for its long-term management strategy and established the "Basic Sustainability Promotion Policy" and the "Sustainability Committee" in 2021 to review the group-wide promotion structure. With the "Five Materiality*" established in fiscal 2019, the Bank will further develop its initiatives with the aim of solving environmental and social issues through business activities and strengthening business competitiveness at the same time.

Note: The Five Materiality

- Provide safe and secure settlement infrastructure
- Create life quality through new financial services
- Create a society where everybody can play a part
- Reduce environmental impact
- Realize coexistence of multiple cultures

The environment surrounding the Bank's group is changing dramatically. The group's stance of always listening to and responding to the thoughts of customers, which the group has valued since the group's establishment, will not change. The Bank's group will continue to take on the challenge of creating original and new value as a unique bank that succeeds in being close-by, convenient, reliable and secure.

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)

	FY2018	FY2019	FY2020	FY2021
Ordinary income	147,288	148,553	137,267	136,667
Ordinary profit	40,714	39,836	35,640	28,255
Net income attributable to owners of the parent	13,236	26,162	25,905	20,827
Comprehensive income	13,051	25,939	25,605	22,163
Total net assets	212,890	222,833	234,676	244,113
Total assets	1,141,926	1,085,885	1,197,158	1,221,623

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)

	FY2018	FY2019	FY2020	FY2021
Deposits	679,730	686,633	784,892	792,751
Time deposits	231,503	231,971	240,346	229,097
Others	448,226	454,662	544,545	563,654
Bonds	135,000	105,000	105,000	105,000
Loans receivable	23,439	23,528	24,350	28,203
To individuals	22,688	23,283	24,300	27,953
To medium and small enterprises	—	—	—	—
Others	751	244	50	250
Commodity-related securities	—	—	—	—
Securities	92,728	80,826	91,173	111,167
Government bonds	—	—	—	—
Others	92,728	80,826	91,173	111,167
Total assets	1,145,511	1,091,287	1,192,358	1,209,040
Amount of domestic exchange handled	36,717,770	37,273,102	37,065,517	38,152,148
Amount of foreign exchange handled	Millions of U.S. dollars 524	Millions of U.S. dollars 598	Millions of U.S. dollars 636	Millions of U.S. dollars 526
Ordinary profit	43,059	45,013	34,593	28,412
Net income for the term	14,572	27,675	15,825	18,135
Net income per share for the term	Yen 12.23	Yen 23.42	Yen 13.44	Yen 15.42

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	736	175

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 1 sales office (Nagoya Office).
3. In addition to the above, non-store ATMs were installed in 24,368 locations as of the end of FY2021.

(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	19,612
Overseas business	4,100
Total	23,712

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	7,898
	Software	9,918

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	% 46.27 (46.27)	(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 6,903	85.48	—
Bank Business Factory Co., Ltd.	Yokohama, Kanagawa Prefecture, Japan	Commissioned clerical work	Millions of yen 250	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 1,500	100.00	—
Seven Global Remit, Ltd.	Chiyoda-ku, Tokyo, Japan	Fund transfer for foreign nationals in Japan	Millions of yen 100	100.00	—
ACSiON, Ltd.	Chiyoda-ku, Tokyo, Japan	Personal authentication and fraud detection platform	Millions of yen 349	58.25	—
Credd Finance, Ltd.	Chiyoda-ku, Tokyo, Japan	Money lending business for foreign nationals in Japan	Millions of yen 100	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	Significant 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. Director, Seven-Eleven Japan 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 1)
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 1)
Koichi Fukuo	Director (Outside Director)	Outside Director, Hitachi Metals, Ltd.	(Note 1)
Yukiko Kuroda	Director (Outside Director)	Director/Founder, People Focus Consulting; Outside Director, Terumo Corporation	(Note 1)
Kazuhiko Ishiguro	Audit & Supervisory Board Member (full-time)	Outside Audit & Supervisory Board Member, Signpost Corporation	—
Ryoji Sakai	Audit & Supervisory Board Member (full-time)		—
Hideaki Terashima	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Attorney-at-law (Harumi-kyowa Law Offices); Professor, Law School, Senshu University	(Note 1)
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 1) (Note 2)

Notes: 1. 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.

2. 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	7	223	139	40	43
Audit & Supervisory Board Members	5	67	67	—	—
Total	12	290	206	40	43

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 officers 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. From the perspective of understanding the process of discussion, Audit & Supervisory Board Members may participate as observers who do not possess voting rights when a Nomination & Compensation Committee meeting is held. 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 by Audit & Supervisory Board Members 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.

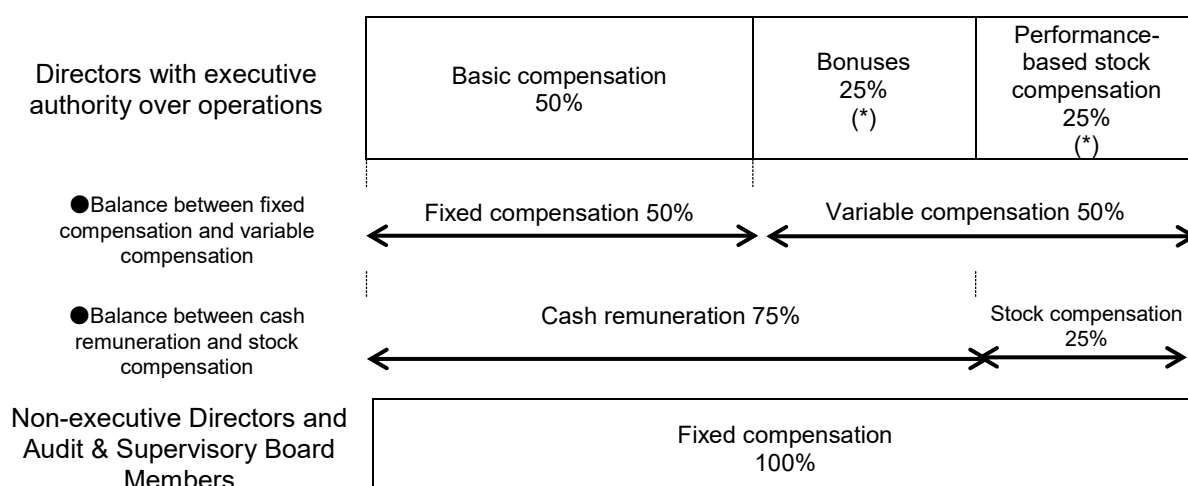
	Fixed compensation	Variable compensation	
	(a) Basic compensation	(b) Bonuses	(c) Performance-based stock compensation
Directors with executive authority over operations	○	○	○
Non-executive Directors	○	—	—
Audit & Supervisory Board Members	○	—	—

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, 2021 to March 31, 2022)

Evaluation indicators	Target (millions of yen)	Result (millions of yen)	Achievement level of target (%)
Consolidated ordinary income	137,600	136,667	99.3%
Consolidated ordinary profit	28,300	28,255	99.8%

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 Kazuhiko Ishiguro Ryoji Sakai 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.

5. Matters concerning Directors and Officers liability insurance (D&O insurance) contracts

Not applicable.

Note: 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 as stipulated in Article 430-3 Paragraph 1 of the Companies Act with an insurance company to insure its directors, audit & supervisory board members, and executive officers as well as those of its subsidiaries, including the Bank (excluding some subsidiaries). The Bank fully covers the insurance premiums for its Directors, Audit & Supervisory Board Members, and Executive Officers.

This agreement covers compensation for damages (legal damages and litigation costs) to be borne by the Bank's officers, who are insured persons, in the event of claims made against them for actions taken (or inaction) in their roles as an officer of the Bank during the insurance period.

However, in order to prevent the impairment of the properness of the performance of duties by officers, there are certain exemptions, for instance damages arising from acts committed with the knowledge that they violate laws and regulations will not be compensated.

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 Director, Terumo Corporation There are no major business interests and other relationships between the Bank and People Focus Consulting 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 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 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 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 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, an accounting and system consultant, 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	69	—

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 2021 173,722

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)	93,355	7.91
Ito-Yokado Co., Ltd.	46,961	3.98
York-Benimaru Co., Ltd.	45,000	3.81
Custody Bank of Japan, Ltd. (trust account)	42,117	3.57
Sumitomo Mitsui Banking Corporation	15,000	1.27
The Dai-ichi Life Insurance Company, Limited	15,000	1.27
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 (3,981 thousand shares) held by the BIP Trust for officer remuneration and the ESOP Trust, which grants the Bank's shares.

4. Officers' shareholdings

Not applicable

5. Other important items concerning the Bank's shares

Not applicable

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

Not applicable

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	68	<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: 69 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. Moreover, the employees dedicated to the Audit & Supervisory Board Members' Office shall have an authority to investigate the appropriateness of duties and collect necessary information.
 - 10) System for reports to the Bank's Audit & Supervisory Board Members made by Directors and employees
Directors shall receive explanation as necessary from the Audit & Supervisory Board regarding the audit policy, the audit plan, the status of implementation of audits and the audit results. Directors shall determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and shall duly make their report to the Audit & Supervisory Board. Directors and employees shall promptly report to the Audit & Supervisory Board matters that have a significant impact on the overall company, the status of implementation of internal audits and important matters related to compliance in addition to legal issues. With regard to subsidiaries, a division in charge of subsidiaries shall be installed inside the Bank and such a division shall receive reports from directors and employees of the subsidiaries regarding each subsidiary's business operation and internal management related to compliance and risk management and other situations. The content reported from subsidiaries to the division shall be reported by the division to the Audit & Supervisory Board Members as necessary.
 - 11) System for ensuring that persons who report to the Audit & Supervisory Board Members do not receive unreasonable treatment because of the reporting
As a system to ensure that persons who report to the Audit & Supervisory Board Members do not receive unreasonable treatment because of the reporting, the Bank shall streamline the related internal rules and appropriately implement such rules.
 - 12) Matters related to the procedures for prepayment or reimbursement of expenses incurred by the execution of duties by the Audit & Supervisory Board Members or policies related to other processing of expenses or obligations incurred by execution of duties by the Audit & Supervisory Board Members
Concerning expenses for regular audit duties, a relevant budget shall be made according to the audit plan formulated by the Audit & Supervisory Board Members. With regard to expenses for emergency audits or extraordinary expenses, the reimbursement of such expenses can be requested afterward.
 - 13) Other systems for ensuring the effectiveness of audits by the Audit & Supervisory Board Members
Directors and the Internal Audit Division shall regularly hold meetings with the Audit & Supervisory Board, exchange opinions concerning important audit issues, etc., and deepen mutual understanding.
- (2) Status of operation of the structure for the maintenance of the appropriateness of the Bank's operations
Outline of the status of operation of the structure for the maintenance of the appropriateness of the Bank's operations for the fiscal year under review is as follows.
- 1) Compliance system
The Bank has a Compliance Committee installed for the purpose of inspecting and evaluating the company-wide compliance from the perspective of comprehensive management and operation. During the fiscal year under review, the Compliance Committee met three times, understanding compliance-related issues and discussing the measures to address such issues. Furthermore, with "understanding the risk of information leakage and implementing appropriate countermeasures" set as a priority issue under the Bank's compliance program, the privacy policy and applicable rules were revised in light

of the revised Act on the Protection of Personal Information, methods for internal management and operation 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 21st Term (as of March 31, 2022)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	931,404	Deposits	789,937
Securities	89,945	Negotiable certificates of deposits	750
Loans receivable	28,056	Borrowed money	1,936
Foreign exchanges	0	Bonds	105,000
ATM-related temporary payments	84,461	ATM-related temporary advances	49,233
Other assets	24,062	Other liabilities	29,071
Tangible fixed assets	26,571	Reserve for bonuses	789
Buildings	1,784	Net defined benefit liability	13
ATMs	20,947	Reserve for stocks payment	774
Other (tangible fixed assets)	3,839	Deferred tax liabilities	3
Intangible fixed assets	33,593	Total liabilities	977,509
Software	28,605	(Net assets)	
Other (intangible fixed assets)	4,988	Capital stock	30,724
Net defined benefit asset	1,051	Capital surplus	30,764
Deferred tax assets	2,979	Retained earnings	176,549
Allowance for losses	(504)	Treasury stock	(1,173)
		Total shareholders' equity	236,864
		Valuation difference on available-for-sale securities	606
		Foreign currency translation adjustment	4,714
		Remeasurements of defined benefit plans	320
		Total accumulated other comprehensive income	5,641
		Non-controlling interests	1,606
		Total net assets	244,113
Total assets	1,221,623	Total liabilities and net assets	1,221,623

Consolidated Statement of Income
for the 21st Term (from April 1, 2021, to March 31, 2022)

(Unit: million yen)

Category	Amount	
Ordinary income		136,667
Interest income	4,032	
Interest on loans receivable	3,890	
Interest and dividends on securities	34	
Interest on call loans	5	
Interest on deposits with banks	102	
Fees and commissions income	131,320	
Remittance-related fee income	3,362	
ATM-related fee income	121,731	
Other fees and commissions income	6,225	
Other ordinary income	390	
Other income	924	
Other	924	
Ordinary expenses		108,412
Interest expenses	602	
Interest on deposits with banks	45	
Interest on negotiable certificates of deposits	0	
Interest on call money	(4)	
Interest on borrowings and rediscounts	94	
Interest on bonds	466	
Fees and commissions expenses	35,816	
Remittance-related fee expense	1,631	
ATM placement fee expenses	28,345	
ATM-related fee expenses	2,327	
Other fees and commissions expenses	3,511	
General and administrative expenses	70,245	
Other expenses	1,747	
Provision of allowance for credit losses	415	
Other expenses	1,332	
Ordinary profit		28,255
Extraordinary income		435
Gain on disposal of non-current assets	19	
Gain on change in equity	415	
Extraordinary losses		1,536
Losses on disposal of non-current assets	773	
Impairment losses	763	
Income before income taxes		27,154
Income taxes - current	8,772	
Income taxes - deferred	(2,300)	
Total income taxes		6,471
Net income		20,682
Loss attributable to non-controlling shareholders		(144)
Net income attributable to owners of the parent		20,827

Consolidated Statement of Changes in Net Assets

for the 21st Term (from April 1, 2021, to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2021	30,724	30,724	168,694	(1,081)	229,061
Changes in items during the period					
Dividends from surplus	—	—	(12,972)	—	(12,972)
Net income attributable to owners of the parent	—	—	20,827	—	20,827
Purchase of treasury stock	—	—	—	(97)	(97)
Disposal of treasury stock	—	—	—	6	6
Net change in capital surplus arising from change in interest of consolidated subsidiaries	—	39	—	—	39
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes in items during the period	—	39	7,854	(91)	7,802
Balance as of March 31, 2022	30,724	30,764	176,549	(1,173)	236,864

	Accumulated other comprehensive income				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, 2021	440	3,407	359	4,207	1,407	234,676
Changes in items during the period						
Dividends from surplus	—	—	—	—	—	(12,972)
Net income attributable to owners of the parent	—	—	—	—	—	20,827
Purchase of treasury stock	—	—	—	—	—	(97)
Disposal of treasury stock	—	—	—	—	—	6
Net change in capital surplus arising from change in interest of consolidated subsidiaries	—	—	—	—	—	39
Net changes in items other than shareholders' equity	166	1,307	(38)	1,434	199	1,634
Total changes in items during the period	166	1,307	(38)	1,434	199	9,437
Balance as of March 31, 2022	606	4,714	320	5,641	1,606	244,113

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 at their market values (cost of securities sold are computed using primarily the moving-average method). Provided, however, that stocks, etc. with no market value 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) 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).

(3) 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 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," as well as "Rules for Stock Allocation to Employees" to Directors (excluding non-executive Directors and Directors residing overseas), Executive Officers (excluding those residing overseas), and certain employees (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.

(4) Accounting procedure regarding employees' retirement benefits

In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review. 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.
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(5) 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.

(6) Standards for recording significant revenue

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Bank, its consolidated subsidiary firms and subsidiary corporations, etc. and the timing at which the Bank, its consolidated subsidiary firms and subsidiary corporations, etc. typically satisfy these performance obligations (when they typically recognize revenue) are as follows

- Banking business centering on the ATM platform business

The Bank mainly provides a service to accept or deliver cash to the users of the Bank's partner financial institutions, etc. when they deposit in or withdraw cash from their deposits, etc. by using the Bank's ATMs. As for the service fee income to be received through the provision of these ATM services, etc., the Bank recognizes revenue at the time when users of the partner financial institutions, etc. use the Bank's ATMs services, etc. The consideration for the transactions is received generally within a month following the month in which the performance obligation was satisfied.

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Bank has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Standard"), and other standards from the beginning of the consolidated fiscal year under review. As a result, the Bank recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods or services.

The Bank applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The application has no impact on the beginning balance of retained earnings for the consolidated fiscal year under review.

In addition, the application of the Standard, etc. has no impact on profit/loss and per share information for the consolidated fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Bank has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, "Fair Value Measurement Standard") and other standards from the beginning of the consolidated fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the consolidated financial statements.

In addition, the Bank will include notes on fair value information by level within the fair value hierarchy in the notes on financial instruments.

(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 and certain employees)

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) and certain employees (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 and certain employees via the Trust in accordance with the Rules for Stock Allocation to Executive Officers and the Rules for Stock Allocation to Employees. The timing for Executive Officers and certain employees to receive the Bank's shares, etc., shall be at the time of retirement of each Executive Officer and each certain employee, 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 584 million yen and the number of such shares was 2,086 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. No material change has occurred after the end of the previous consolidated fiscal year.

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): 1,424 million yen
2. Claims stipulated by the Banking Law and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. "Claims" refers to bonds (limited to those whose redemption of principal and all or part of the payment of interest thereon are guaranteed, and whose issuance is made through the private placement of securities (as set forth in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) included in "securities" on the consolidated balance sheet, loans receivable, foreign exchanges, and accrued interest and suspense payments included in "Other assets," and items recorded under customers' liabilities for acceptances and guarantees, as well as securities on loan among the securities with notes (limited to those based on loan-for-use agreements or loan agreements).

	(Million yen)
Amount of claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	55
Amount of claims with risks	6
Amount of loans in arrears for three months or more	0
Amount of restructured loans	—
Total	61

"Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto" refers to the claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

"Claims with risks" refers to the claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

"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 claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and claims with risks.

"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 claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, claims with risks and loans in arrears for three months or more.

The amounts of claims shown above are amounts prior to the deduction of the allowance for losses.

(Changes in presentation method)

The "Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Law, etc." (Cabinet Office Order No. 3, January 24, 2020) was enforced on March 31, 2022. Accordingly, the categories of "risk-monitored loans" under the Banking Law are presented in accordance with the categories of loans subject to disclosure under the Act on Emergency Measures for the Revitalization of the Financial Functions.

3. As collateral for exchange settlement and Bank of Japan current overdraft transactions, securities of 82,212 million yen have been provided. Also, 2,371 million yen in guarantees and a deposit of 1,700 million yen in a central counterparty clearinghouse (CCP) are included in Other Assets.
4. 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 25,926 million yen. This includes the unused balance of funds in the amount of 25,926 million yen under agreements in which the original term is one year or less.
5. Accumulated depreciation for tangible fixed assets 55,966 million yen

(Consolidated statement of income)

1. 694 million yen of equity in losses of affiliates is included in "Other expenses."

2. Impairment loss

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

(Unit: million yen)

(Unit: million yen)			
Location	Purpose	Type	Amount
Japan	Assets for business use	Buildings	13
		Other tangible fixed assets	2
		Software	670
		Other intangible fixed assets	27
		Other assets	49
Total			763

The groupings of assets of Bank's group are done individually by companies, in which each company is treated as the smallest unit that creates cash flow.

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

The recoverable amount of each asset group is measured based on value in use, and assets without a prospect of future cash flow are evaluated assuming that their recoverable amount is zero.

(Consolidated statement of changes in net assets)

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

(Unit: thousand shares)

	Number of shares at the beginning of this consolidated fiscal year	Increase during this consolidated fiscal year	Decrease during this consolidated fiscal year	Number of shares at the end of this consolidated fiscal year	Remarks
Shares issued					
Common stock	1,179,308	—	—	1,179,308	
Total	1,179,308	—	—	1,179,308	
Treasury stock					
Common stock	3,587	415	21	3,982	(Notes 1, 2)
Total	3,587	415	21	3,982	

Notes: 1. The number of treasury shares increased by 415 thousand shares due to purchase of the Bank's shares by the ESOP Trust for stock allocation. The number of treasury shares decreased by 21 thousand shares due to the delivery of the Bank's shares held by the ESOP Trust for stock allocation.

2. The numbers of treasury shares as of April 1, 2021 and March 31, 2022 include 3,587 thousand shares and 3,981 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 21, 2021	Common stock	6,486 million yen	5.50 yen	March 31, 2021	June 1, 2021
At the Board of Directors' meeting held on November 5, 2021	Common stock	6,486 million yen	5.50 yen	September 30, 2021	December 1, 2021

Note: 1. The total amount of dividends determined by resolution of the Board of Directors at its meeting held on May 21, 2021, 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. The total amount of dividends determined by resolution of the Board of Directors at its meeting held on November 5, 2021, 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, 2022, 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 20, 2022	Common stock	6,486 million yen	Retained earnings	5.50 yen	March 31, 2022	June 1, 2022

Note: The total amount of dividends includes dividends of 21 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, 2022, was a total of 3,191 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

As certain assumptions, etc., are adopted when calculating the market value of 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, 2022, are as follows. Stocks, etc. with no market value and investments in partnership are not included in the table below (refer to Note 1). In addition, notes to cash and due from banks, ATM-related temporary payments and ATM-related temporary advances are omitted, as they are settled within a short period of time and their market values are approximately the same as the book values.

(Unit: million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Securities			
Other securities	82,732	82,732	—
(2) Loans receivable	28,056		
Allowance for losses *1	(15)		
	28,040	28,040	0
(3) Other assets *2	3,692		
Allowance for losses *1 *2	(397)		
	3,295	3,295	—
Total assets	114,068	114,069	0
(1) Deposits	789,937	789,997	60
(2) Negotiable certificates of deposits	750	750	—
(3) Borrowed money	1,936	1,936	—
(4) Bonds	105,000	105,493	493
Total liabilities	897,624	898,177	553

*1 Allowance for losses for general accounts and allowance for losses for individual accounts corresponding to loans receivable and other assets have been deducted.

*2 Of other assets, those in the scope of disclosure of fair value are presented.

Note 1: Amounts of stocks, etc. with no market value and investments in partnership recorded on consolidated balance sheet are as follows, which are not included in "Other securities" under "Matters concerning market value, etc., of financial instruments."

(Unit: million yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks*1 *2	3,354
Stocks of affiliates and others*1	1,424
Investment in partnership*3	2,433

Notes:

*1 Unlisted stocks and stocks of affiliates and others are excluded from the scope of disclosure in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

*2 An impairment loss of 65 million yen on unlisted stocks was recorded for the consolidated fiscal year under review.

*3 Investment in partnership is excluded from the scope of disclosure in accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019).

Note 2: 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
Securities						
Other securities with maturity	35,713	27,162	19,140	—	—	—
Municipal bonds	11,313	7,862	7,840	—	—	—
Bonds	24,400	19,300	11,300	—	—	—
Loans receivable*1	27,979	15	—	—	—	—
Other assets*2	3,484	—	—	—	—	—
Total	67,177	27,177	19,140	—	—	—

Notes:

*1 Loans receivable: The amount (60 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.

*2 Other assets: The amount (208 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 other assets.

Note 3: 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*	674,649	73,069	42,217	—	—	—
Negotiable certificates of deposits	750	—	—	—	—	—
Borrowed money	1,936	—	—	—	—	—
Bonds	20,000	35,000	—	50,000	—	—
Total	697,336	108,069	42,217	50,000	—	—

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

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs which are quoted prices in active markets for assets or liabilities that are the subject of the measurement of the fair value.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs that significantly affect the fair value measurement are used, the resulting fair value is categorized in the level to which the input with the lowest priority for the measurement belongs among such inputs.

(1) Financial instruments recorded on consolidated balance sheet at fair value

(Unit: million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Other securities				
Municipal bonds	—	27,026	—	27,026
Corporate bonds	—	55,186	—	55,186
Stocks	520	—	—	520
Total assets	520	82,212	—	82,732

(2) Financial instruments other than those recorded on consolidated balance sheet at fair value

(Unit: million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Loans receivable	—	27,991	49	28,040
Other assets	—	3,295	—	3,295
Total assets	—	31,287	49	31,336
Deposits	—	789,997	—	789,997
Negotiable certificates of deposits	—	750	—	750
Borrowed money	—	1,936	—	1,936
Bonds	—	105,493	—	105,493
Total liabilities	—	898,177	—	898,177

Note 1: Descriptions of the valuation technique(s) and inputs used in the fair value measurements

Assets

Securities

Among securities, fair value of listed stocks and others that are traded in active markets, whose unadjusted quoted prices can be used, is classified as Level 1.

The fair value of securities for which public quoted prices were used but not traded in active markets are classified as Level 2. This includes municipal bonds and corporate bonds.

Loans receivable

The fair value of 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 discount rate that reflects credit risk, etc. in market interest rates. The fair value of variable interest-rate loans receivable is stated at book value, because their fair value 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. With respect to credits, etc., to bankrupt obligors, substantially bankrupt obligors and bankruptcy risk obligors, the fair value is calculated based on the discounted present value of estimated future cash flow or the discounted present value using the expected collectable amount with the collateral and guarantee, etc. When the impact of unobservable inputs is significant to the fair value measurement, it is classified as Level 3, otherwise, it is classified as Level 2.

Other assets

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 fair value is stated at book value, and is classified as Level 2.

Liabilities

Deposits and Negotiable certificates of deposits

As for demand deposits, an amount to be paid immediately upon demand at the end of consolidated fiscal year is stated as fair value. The fair value of time deposits is calculated by discounted present value by discounting future cash flow, divided into categories of set periods. The discount rate applied is the rate used when accepting new deposits. The fair value of deposits with a short residual period (no more than one year) is approximately the same as the book value; therefore, the fair value is stated at book value, and is classified as Level 2.

Borrowed money

The present value of borrowed money is calculated by discounting the sum of the principal and interest of such borrowed money divided into categories of set periods at the rate that factors in the residual period and credit risk of such loans. The fair value of borrowed money with a short residual period (no more than one year) is approximately the same as the book value; therefore, their fair value is stated at book value, and is classified as Level 2. Borrowed money based on variable interest rates amounted to zero.

Bonds

The fair value of bonds issued by the Bank is stated at an amount presented by Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, and is classified as Level 2.

(Securities)

1. Securities held for trading purposes (as of March 31, 2022)

Not applicable

2. Bonds held to maturity (as of March 31, 2022)

Not applicable

3. Other securities (as of March 31, 2022)

	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	520	151	368
	Bonds	20,760	20,758	2
	Municipal bonds	14,152	14,151	1
	Corporate bonds	6,607	6,607	0
	Subtotal	21,280	20,910	370
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Bonds	61,451	61,540	(88)
	Municipal bonds	12,873	12,903	(29)
	Corporate bonds	48,578	48,637	(58)
	Subtotal	61,451	61,540	(88)
Total		82,732	82,450	281

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2021, to March 31, 2022)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2021, to March 31, 2022)

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.)

Not applicable

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

(Unit: million yen)

	Reportable segment			Adjustments	Amount on consolidated financial statements
	Domestic business	Overseas business	Total		
Ordinary income					
ATM-related fee income	97,427	24,303	121,731	—	121,731
Other	9,454	133	9,588	—	9,588
Ordinary income from contracts with customers	106,882	24,437	131,320	—	131,320
Other ordinary income	5,119	255	5,374	(26)	5,347
Ordinary income with external customers	112,001	24,693	136,694	(26)	136,667

Note 1: Ordinary income is stated in lieu of net sales of general enterprises

Note 2: Adjustments are mainly elimination of inter-segment transactions.

2. Useful information in understanding revenue from contracts with customers

The Bank and its consolidated subsidiary firms and subsidiary corporations mainly provide the banking business centering on the ATM platform business. Their main services are to accept or deliver cash to the users of the Bank's partner financial institutions, etc. when they deposit in or withdraw cash from their deposits, etc. by using the Bank's ATMs, and through the provision of these ATM services, etc., we receive service fee income. The transaction prices are calculated by multiplying the number of ATM transactions by a per-transaction fee, based on the contracts with partner financial institutions, etc. Revenue is recognized at the time when users of the partner financial institutions, etc. use the Bank's ATMs services, etc. The consideration for these transactions is received generally within a month following the month in which the performance obligation was satisfied.

3. Useful information in understanding the amount of revenue for the consolidated fiscal year under review and after the end of the consolidated fiscal year under review

The balance of receivables from contracts with customers is as follows.

(Unit: million yen)

	Consolidated fiscal year under review	
	Beginning balance (April 1, 2021)	Ending balance (March 31, 2022)
Receivables from contracts with customers	7,609	7,239

Note: Receivables from contracts with customers are included in Other assets on the consolidated balance sheet.

(Per share information)

Net assets per share	206.33 yen
Net income attributable to owners of the parent per share	17.71 yen

Note:

1 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 3,981 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. The average number of treasury shares deducted for the consolidated fiscal year under review was 3,711 thousand.

2 Diluted net income attributable to owners of the parent per share is not provided as there are no potential shares.

(Significant subsequent events)

Not applicable

Balance Sheet
at the End of the 21st Term (as of March 31, 2022)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	910,849	Deposits	792,751
Cash	813,790	Ordinary deposits	563,533
Due from banks	97,059	Time deposits	229,097
Securities	111,167	Other deposits	121
Municipal bonds	27,026	Negotiable certificates of deposits	750
Bonds	55,186	Bonds	105,000
Stocks	9,016	Other liabilities	71,408
Other securities	19,938	Income taxes payable	4,275
Loans receivable	28,203	Accrued expenses	6,265
Loan on deeds	250	ATM-related temporary advances	49,233
Current overdrafts	27,953	Asset retirement obligations	400
Foreign exchanges	0	Other	11,232
Due from foreign banks	0	Reserve for bonuses	529
Other assets	104,256	Reserve for stocks payment	774
Prepaid expenses	1,524	Acceptances and guarantees	901
Accrued income	8,587	Total liabilities	972,115
ATM-related temporary payments	83,547		
Other	10,595	(Net assets)	
Tangible fixed assets	21,060	Capital stock	30,724
Buildings	1,647	Capital surplus	30,724
ATMs	16,266	Legal capital surplus	30,724
Other (tangible fixed assets)	3,146	Retained earnings	176,042
Intangible fixed assets	31,698	Legal retained earnings	0
Software	27,743	Other retained earnings	176,042
Software-related temporary accounts	3,950	Retained earnings brought forward	176,042
Other (intangible fixed assets)	4	Treasury stock	(1,173)
Prepaid pension cost	559	Total shareholders' equity	236,318
Deferred tax assets	839	Valuation difference on available-for-sale securities	606
Customers' liabilities for acceptances and guarantees	901	Total valuation and translation adjustments	606
Allowance for losses	(495)	Total net assets	236,925
Total assets	1,209,040	Total liabilities and net assets	1,209,040

Statement of Income
for the 21st Term (from April 1, 2021, to March 31, 2022)

(Unit: million yen)

Category	Amount	
Ordinary income		110,298
Interest income	4,004	
Interest on loans receivable	3,879	
Interest and dividends on securities	34	
Interest on call loans	5	
Interest on deposits with banks	85	
Fees and commissions income	105,175	
Remittance-related fee income	3,362	
ATM-related fee income	97,151	
Other fees and commissions income	4,661	
Other ordinary income	318	
Gains on foreign exchange transactions	318	
Other income	799	
Other	799	
Ordinary expenses		81,886
Interest expenses	507	
Interest on deposits with banks	45	
Interest on negotiable certificates of deposits	0	
Interest on call money	(4)	
Interest on borrowings and rediscounts	0	
Interest on bonds	466	
Fees and commissions expenses	21,076	
Remittance-related fee expense	1,631	
ATM placement fee expenses	16,537	
ATM-related fee expenses	675	
Other fees and commissions expenses	2,231	
General and administrative expenses	59,890	
Other expenses	411	
Provision of allowance for credit losses	331	
Written-off of loans	4	
Written-off equity securities	65	
Other expenses	9	
Ordinary profit		28,412
Extraordinary losses		1,750
Losses on disposal of non-current assets	762	
Losses on valuation of shares of subsidiaries and affiliates	987	
Income before income taxes		26,662
Income taxes - current	8,679	
Income taxes - deferred	(152)	
Total income taxes		8,526
Net income		18,135

Statement of Changes in Net Assets

for the 21st Term (from April 1, 2021, to March 31, 2022)

(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, 2021	30,724	30,724	30,724	0	170,879	170,879	(1,081)	231,246
Changes in items during the period								
Dividends from surplus	—	—	—	—	(12,972)	(12,972)	—	(12,972)
Net income	—	—	—	—	18,135	18,135	—	18,135
Purchase of treasury stock	—	—	—	—	—	—	(97)	(97)
Disposal of treasury stock	—	—	—	—	—	—	6	6
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	5,163	5,163	(91)	5,071
Balance as of March 31, 2022	30,724	30,724	30,724	0	176,042	176,042	(1,173)	236,318

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2021	440	440	231,687
Changes in items during the period			
Dividends from surplus	—	—	(12,972)
Net income	—	—	18,135
Purchase of treasury stock	—	—	(97)
Disposal of treasury stock	—	—	6
Net changes of items other than shareholders' equity	166	166	166
Total changes of items during the period	166	166	5,237
Balance as of March 31, 2022	606	606	236,925

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 at their market values (cost of securities sold are computed using primarily the moving-average method). Provided, however, that stocks, etc. with no market value 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," as well as "Rules for Stock Allocation to Employees" to Directors (excluding non-executive Directors and Directors residing overseas), Executive Officers (excluding those residing overseas), and certain employees (excluding those residing overseas), respectively, in the amount calculated based on projected stock allocation obligations as of the fiscal year-end.

5. Standards for recording revenue

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Bank and the timing at which the Bank typically satisfies these performance obligations (when it typically recognizes revenue) are as follows.

· Banking business centering on the ATM platform business

The Bank mainly provides a service to accept or deliver cash to the users of the Bank's partner financial institutions, etc. when they deposit in or withdraw cash from their deposits, etc. by using the Bank's ATMs. As for the service fee income to be received through the provision of these ATM services, etc., the Bank recognizes revenue at the time when users of the partner financial institutions, etc. use the Bank's ATMs services, etc. The consideration for the transactions is received generally within a month following the month in which the performance obligation was satisfied.

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

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.

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Bank has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Standard"), and other standards from the beginning of fiscal year under review. As a result, the Bank recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods or services. The application of the said Accounting Standard, etc. has no impact on gains (losses) and per share information for the fiscal year under review. The outline is as described in "Changes in accounting policies" in the "Explanatory Notes (Consolidated)."

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Bank has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, "Fair Value Measurement Standard") and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the financial statements. The outline is as described in "Changes in accounting policies" in the "Explanatory Notes (Consolidated)."

Additional information

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

A performance-based stock compensation plan has been adopted for the Bank's Directors (excluding non-executive Directors and Directors residing overseas), Executive Officers (excluding those residing overseas) and certain employees (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: 22,663 million yen
2. Claims stipulated by the Banking Law and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. "Claims" refers to bonds (limited to those whose redemption of principal and all or part of the payment of interest thereon are guaranteed, and whose issuance is made through the private placement of securities (as set forth in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) included in "securities" on the balance sheet, loans receivable, foreign exchanges, and accrued interest and suspense payments included in "Other assets," and items recorded under customers' liabilities for acceptances and guarantees, as well as securities on loan among the securities with notes (limited to those based on loan-for-use agreements or loan agreements).

(Million yen)

Amount of claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	44
Amount of claims with risks	—
Amount of loans in arrears for three months or more	—
Amount of restructured loans	—
Total	44

"Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto" refers to the claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

"Claims with risks" refers to the claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

"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 claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and claims with risks.

"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 claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, claims with risks and loans in arrears for three months or more.

The amounts of claims shown above are amounts prior to the deduction of the allowance for losses.

(Changes in presentation method)

The "Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Law, etc." (Cabinet Office Order No. 3, January 24, 2020) was enforced on March 31, 2022. Accordingly, the categories of "risk-monitored loans" under the Banking Law are presented in accordance with the categories of loans subject to disclosure under the Act on Emergency Measures for the Revitalization of the Financial Functions.

3. As collateral for exchange settlement and Bank of Japan current overdraft transactions, securities of 82,212 million yen have been provided. Also, 2,106 million yen in guarantees and a deposit of 1,700 million yen in a central counterparty clearinghouse (CCP) are included in Other Assets.
4. 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 25,926 million yen. This includes the unused balance of funds in the amount of 25,926 million yen under agreements in which the original term is one year or less.
5. Accumulated depreciation for tangible fixed assets 50,170 million yen
6. The Bank provided a guarantee of 901 million yen on loan obligations of PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank, to financial institutions.
7. Total monetary claims on subsidiaries and affiliates 455 million yen
8. Total monetary liabilities payable to subsidiaries and affiliates 38,319 million yen
9. 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	0 million yen
Total income from fee transactions, etc.	1,049 million yen
Total income from other transactions and other ordinary transactions	44 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.	14,596 million yen
Total costs deriving from other transactions	1,860 million yen
3. Losses on valuation of shares of subsidiaries and affiliates of 987 million yen occurred upon the valuation of Seven Global Remit, Ltd., a consolidated subsidiary 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	3,587	415	21	3,982	(Notes 1, 2)
Total	3,587	415	21	3,982	

Notes:

1. The number of treasury shares increased by 415 thousand shares due to purchase of treasury stock by the ESOP Trust for stock allocation. The number of treasury shares decreased by 21 thousand shares due to the delivery of the Bank's shares held by the ESOP Trust for stock allocation.
2. The numbers of treasury shares as of April 1, 2021 and March 31, 2022 include 3,587 thousand shares and 3,981 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, 2022)
Not applicable
2. Bonds held to maturity (as of March 31, 2022)
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2022)
There are no shares in subsidiary firms, subsidiary corporations, affiliates and others that have market value.

Note: Balance sheet amount of stocks, etc. with no market value not included in the above

	Balance sheet amount (million yen)
Stocks of subsidiary firms and subsidiary corporations	20,663
Stocks of affiliates and others	2,000

4. Other securities (as of March 31, 2022)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	520	151	368
	Bonds	20,760	20,758	2
	Municipal bonds	14,152	14,151	1
	Corporate bonds	6,607	6,607	0
	Subtotal	21,280	20,910	370
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds	61,451	61,540	(88)
	Municipal bonds	12,873	12,903	(29)
	Corporate bonds	48,578	48,637	(58)
	Subtotal	61,451	61,540	(88)
Total		82,732	82,450	281

Note: Balance sheet amount of stocks, etc. with no market value and investments in partnership not included in the above

Classification	Balance sheet amount (million yen)
Unlisted stocks	3,337
Investments in partnership	2,433

Investments in partnership are excluded from the scope of disclosure in accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019). An impairment loss of 65 million yen on unlisted stocks was recorded for the fiscal year under review.

5. Bonds held to maturity sold during the fiscal year (from April 1, 2021, to March 31, 2022)

Not applicable

6. Other securities sold during the fiscal year (from April 1, 2021, to March 31, 2022)

Not applicable

7. Changes in purpose of holding securities

Not applicable

8. Securities to which impairment is applied

Not applicable

(Money held in trust)

Not applicable

(Tax effect accounting)

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

	(million yen)
Deferred tax assets:	
Losses on valuation of shares of subsidiaries and affiliates, etc.	7,847
Excess depreciation charge	295
Unpaid corporate tax	268
Reserve for stocks payment	237
Reserve for bonuses	162
Excess bad debt reserve	151
Asset retirement obligations	122
Investments in partnership	42
Accrued expenses (previously Provision for directors' retirement benefits)	6
Other	138
Subtotal deferred tax assets	9,271
Valuation allowance	(7,970)
Total deferred tax assets	1,300
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(267)
Prepaid pension cost	(171)
Adjustment to tangible fixed assets related to asset retirement obligations	(19)
Other	(2)
Total deferred tax liabilities	(461)
Net deferred tax assets	839

(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 38.47%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	14,596	Accrued expense s (Note 2)	1,373

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.

Not applicable.

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 201.58 yen

Basic earnings per share 15.42 yen

Notes:

1. 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 3,981 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. The average number of treasury shares deducted for the fiscal year under review was 3,711 thousand.

2. Diluted earnings per share is not provided as there are no potential shares.

(Significant subsequent events)

Not applicable

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC, Tokyo Office

Yukihisa Tatsumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoaki Takeuchi
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, 2022 and for the year from April 1, 2021 to March 31, 2022 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.

Other Information

The other information comprises the information included in the business report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoaki Takeuchi
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, 2022 and for the year from April 1, 2021 to March 31, 2022 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.

Other Information

The other information comprises the information included in the business report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 21st fiscal year from April 1, 2021, to March 31, 2022, 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, 2021, 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 20, 2022

Audit & Supervisory Board, Seven Bank, Ltd.

Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro (seal)
Full-time Audit & Supervisory Board Member	Ryoji Sakai (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.

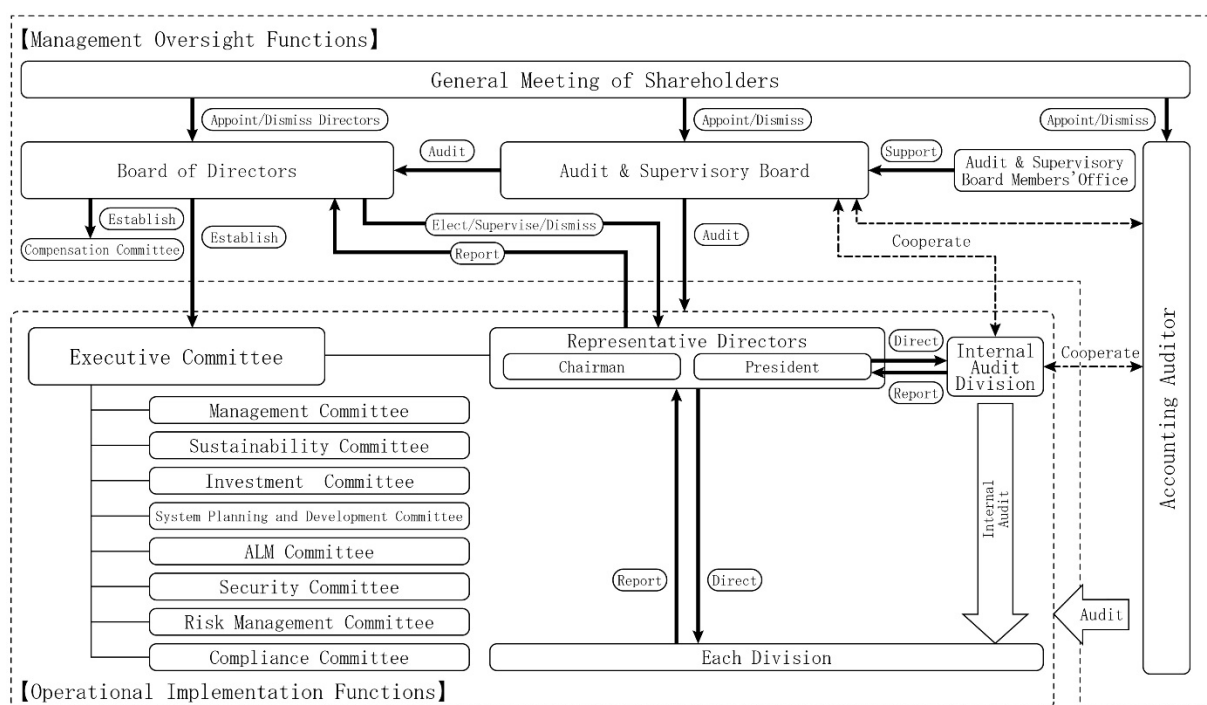
«URL of the page regarding corporate governance»

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

«Corporate Governance Guidelines»

https://www.sevenbank.co.jp/english/ir/pdf/2021/20211209_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 and procedures 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.
3. When selecting candidates for Audit & Supervisory Board Member, the Audit & Supervisory Board makes appropriate judgements from an independent and objective standpoint, such as by having candidate interviews conducted by the Audit & Supervisory Board.

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 46.27% 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. In order for Seven Bank, Ltd. to achieve sound and sustained growth, the development of business innovation through an advanced combination of collaborations with various business partners based on the foundations of corporate trustworthiness and transparency of management is thought to be indispensable. Furthermore, the Company believes that listing the said subsidiary's shares on the market is one of the most effective method of ensuring the said subsidiary's trustworthiness and transparency of management, and it is preferable for the said subsidiary to enhance its corporate value through its own growth strategies, etc., from the standpoint of group management.

(Excerpt from "Seven & i Management Report" issued by Seven & i Holdings Co., Ltd. (January 12, 2022 edition))