



May 12, 2017  
Seven Bank, Ltd.

**Notice Concerning the Introduction of Performance-Based Stock Compensation Plan  
to Executive Officers of the Bank**

Seven Bank, Ltd. (the “Bank” below), hereby announces that it resolved at a meeting of the Board of Directors held today to introduce a Performance-Based Stock Compensation Plan (the “Plan” below) for the Bank’s Executive Officers (excluding those residing overseas; hereinafter the “Executive Officers”) along with the details of the Plan as described below.

Also, this matter is contingent on the approval of the introduction of a performance-based stock compensation plan to Directors of the Bank at the 16th Ordinary General Meeting of Shareholders scheduled on June 19, 2017 (the “Meeting” below), as explained in the “Notice Concerning the Introduction of Performance-Based Stock Compensation Plan to Directors of the Bank” announced today.

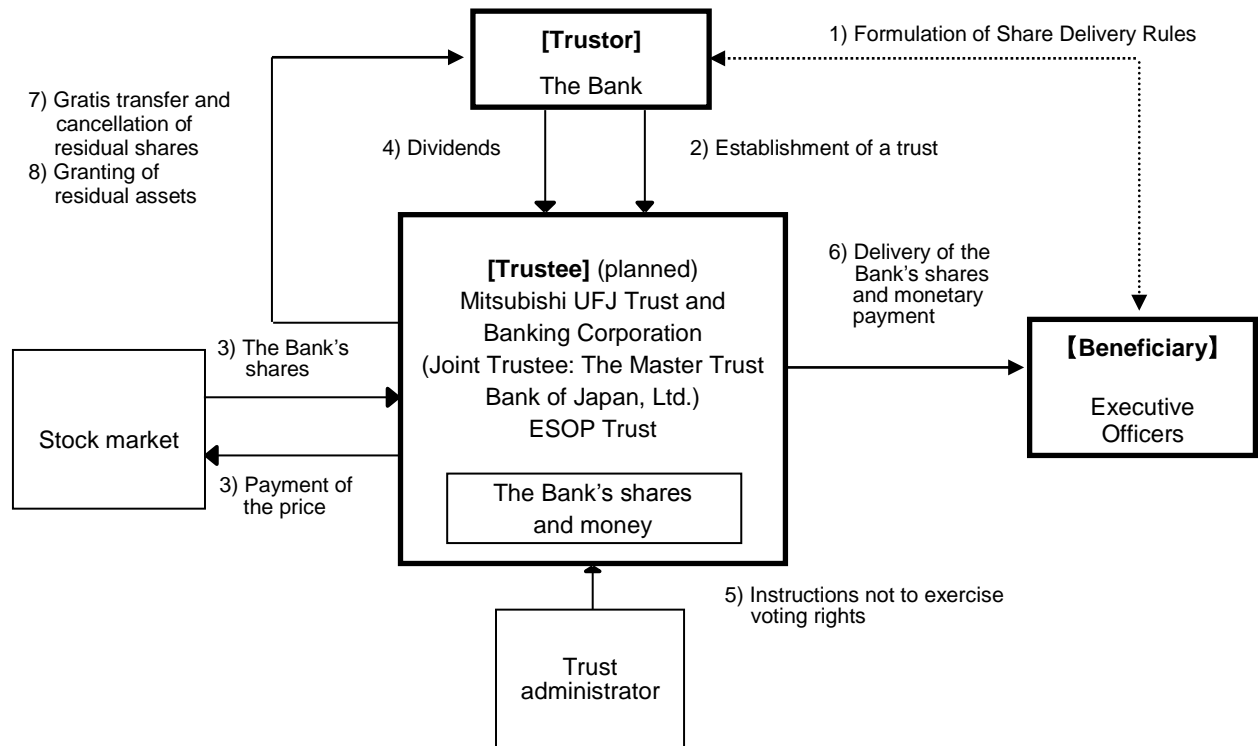
1. Purpose, etc. of the Introduction of the Plan

- (1) The Bank decided to introduce the Plan not only for the Directors but also for the Executive Officers as an incentive plan that is closely linked to the Bank’s business performance and shares the interests of the shareholders. By making a part of the Executive Officers’ compensation subject to the business performance and the stock value of the Bank, the Plan aims to further raise motivation and morale in contributing to the medium- to long-term enhancement of performance and improvement of corporate value.

Contingent on the approval of the introduction of performance-based stock compensation plan to Directors of the Bank by resolution of the Meeting, stock options as share-based compensation will not be issued in the future.

- (2) The Plan adopts a framework called the Employee Stock Ownership Plan (ESOP) Trust (the “ESOP Trust” below), which is an incentive plan based on the ESOPs of the United States. The ESOP Trust delivers or pays (“deliver(y), etc.” below) the Bank’s shares and money equivalent to the converted value of such shares ( the “Bank’s shares, etc.” below) to the Executive Officers at the time of their retirement according to rank and degree of attainment of performance targets.

## 2. Framework of the Plan



- 1) Concerning the introduction of the Plan, the Bank establishes the Share Delivery Rules related to stock compensation for Executive Officers at the meeting of the Board of Directors.
- 2) The Bank establishes a trust with Executive Officers who meet the beneficiary requirements such as retirement (the “Trust”) by entrusting money based on the trust agreement.
- 3) The Trustee follows the instructions of the trust administrator and acquires the Bank’s shares from the stock market using the money contributed in 2).
- 4) Dividends on the Bank’s shares held in the Trust are also paid in the same manner as the other shares of the Bank.
- 5) No voting rights shall be exercised on the Bank’s shares held in the Trust during the trust period.
- 6) During the trust period, the Bank’s shares, etc. shall be delivered, etc. from the Trust to the Executive Officers who meet the beneficiary requirements (such as retirement, etc) in accordance with the Share Delivery Rules.
- 7) If there are residual shares at the expiry of the trust period, due to reasons such as underachievement of performance targets during the trust period, the Bank will either continuously use the Trust for the Plan, or as another incentive plan similar to the Plan, by making amendments to the trust agreement and additionally contributing to the Trust, or transfer the residual shares from the Trust to the Bank without payment, acquire them without payment and cancel them by resolution of the Board of Directors.
- 8) Upon termination of the Trust, residual assets remaining after the distribution to the beneficiaries will be reverted back to the Bank within the reserve for trust expenses at an amount after deducting the share acquisition fund from the trust money. Any portion in excess of the reserve for trust expenses will be donated to organizations with no interest in the Bank and the Executive Officers.

Note: In cases where during the trust period, there is a possibility that the number of the Bank’s shares within the Trust becomes less than the number of shares to be delivered, etc., to the Executive Officers who

meet the beneficiary requirements, or that money within the Trust becomes insufficient to pay the trust fees and trust expenses, the Bank may additionally entrust money to the Trust.

(Reference)

[Outline of the trust agreement of the Plan]

1) Type of trust	An individually operated specified trust of money other than money trust (third-party benefit trust)
2) Purpose of trust	To provide incentives to Executive Officers of the Bank
3) Trustor	The Bank
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint Trustee: The Master Trust Bank of Japan, Ltd. (planned))
5) Beneficiary	Retired Executive Officers who meet the beneficiary requirements
6) Trust administrator	A third party with no interest in the Bank (Certified Public Accountant)
7) Date of trust agreement	August 7, 2017 (planned)
8) Term of the Trust	August 7, 2017 (planned) through August 31, 2020 (planned)
9) Start date of the Plan	August 7, 2017 (planned)
10) Exercise of voting rights	Voting rights will not be exercised.
11) Class of shares to be acquired	Common stock of the Bank
12) Amount of trust money	¥90 million (planned) (including trust fees and trust expenses)
13) Timing for acquiring shares	From August 14, 2017 (planned) to August 31, 2017 (planned)
14) Method of acquisition of shares	Acquisition in the stock market
15) Rights holder	The Bank
16) Residual assets	Residual assets that can be received by the Bank, which is the rights holder, shall be within the reserve for trust expenses calculated by deducting the share acquisition fund from the trust money.

Note: The scheduled dates mentioned above may be changed to appropriate dates in light of applicable laws and regulations.

[Details of administration relating to the trust and shares]

1) Trust-related administration	Mitsubishi UFJ Trust and Banking Corporation will be the trustee of the ESOP Trust and perform trust-related administrative tasks.
2) Share-related administration	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform administrative tasks necessary for the delivery of the Bank's shares to the beneficiaries based on an administration service agreement.