

Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities Identification Code: 8410
May 31, 2017

CONVOCAATION NOTICE OF THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 16th Ordinary General Meeting of Shareholders (the "Meeting") of Seven Bank, Ltd. (the "Company") will be held as described below. We look forward to your attendance at the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic means (e.g., the Internet). Please review the "Reference Materials for General Meeting of Shareholders" listed below and exercise your voting rights by 5:30 pm on Friday, June 16, 2017.

Yours Sincerely,

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

Date and time Monday, June 19, 2017, at 10 am (Doors open at 9 am)

Place Providence Hall
2F, Tokyo Prince Hotel
3-1, Shibakoen 3-chome, Minato-ku, Tokyo
(The meeting venue is different from that for the previous year. For the location of the meeting venue, please refer to the "Map of the Place for General Meeting of Shareholders" at the end of this notice.)

Agenda of the Meeting

Matters to be Reported	1. Business Report and Report on the Non-consolidated Financial Statements for the 16th Fiscal Period (from April 1, 2016, to March 31, 2017). 2. Report on the Consolidated Financial Statements for the 16th Fiscal Period (from April 1, 2016, to March 31, 2017) and the Results of Audit by the Accounting Auditor and the Board of Audit & Supervisory Board Members on Said Consolidated Financial Statements.	
Matters to be Resolved	Proposal 1	Election of Ten (10) Directors
	Proposal 2	Election of Two (2) Audit & Supervisory Board Members
	Proposal 3	Determination of the Amounts and Content of Performance-Based Stock Compensation to Directors

Matters decided in convening the Meeting

1. Should you indicate neither approval nor disapproval on each proposal in the Exercise of Voting Rights Form, it shall be treated as an approval vote.
2. Should you wish to exercise non-uniform voting rights, please provide written notification to this effect, together with the reasons for your decision, no less than three days prior to the Meeting.

End

Notes:

- From among the documents to be provided together with this convocation notice, “Matters concerning the Company’s subscription rights to shares, etc.” in the Business Report, “Statement of Changes in Net Assets” and the notes to the Non-consolidated Financial Statements and “Consolidated Statement of Changes in Net Assets” as well as the notes to the Consolidated Financial Statements are disclosed on the Company’s Web site (<http://www.sevenbank.co.jp/ir/stock/>) and not provided herewith pursuant to the law and Article 14 of the Articles of Incorporation.

The 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 Company’s Web site (<http://www.sevenbank.co.jp/ir/stock/>).

Guidance to the Exercise of Voting Rights

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

Attending the General Meeting

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

Date and time of the General Meeting

June 19, 2017, at 10 am

By mail

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

Exercise deadline

Must arrive by 5:30 pm, June 16, 2017

Via the Internet

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

Exercise deadline

No later than 5:30 pm, June 16, 2017

Notes on the exercise of voting rights via the Internet

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

For inquiries about the system environment, etc., contact:

Transfer Agent, Mitsubishi UFJ Trust and Banking Corporation (“Help Desk”)

Toll-Free Call: 0120-173-027 Business Hours: 9 a.m.–9 p.m.

To Institutional Investors

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

Reference Materials for General Meeting of Shareholders

Proposal 1: Election of Ten (10) Directors

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

Candidates for the position of Director are as follows.

Candidate number		Name		Position	Attendance at meetings of the Board of Directors during fiscal 2016
1	Reappointed	Takashi Anzai		Chairman and Representative Director	Attended all 13 meetings (100%)
2	Reappointed	Kensuke Futagoishi		President and Representative Director	Attended all 13 meetings (100%)
3	Reappointed	Yasuaki Funatake		Director, Executive Vice President	Attended all 13 meetings (100%)
4	Reappointed	Kazuhiko Ishiguro		Director, Senior Managing Executive Officer	Attended all 13 meetings (100%)
5	Reappointed	Taku Oizumi		Director, Managing Executive Officer	Attended all 13 meetings (100%)
6	Reappointed	Hisanao Kawada		Director, Managing Executive Officer	Attended all 10 meetings (100%)
7	Newly appointed	Katsuhiro Goto		—	—
8	Reappointed	Yoji Ohashi	Outside Director Independent Officer	Director	Attended 12 of 13 meetings (92.3%)
9	Reappointed	Yuko Miyazaki	Outside Director	Director	Attended 12 of 13 meetings (92.3%)
10	Reappointed	Shuji Ohashi	Outside Director Independent Officer	Director	Attended all 13 meetings (100%)

Note: Hisanao Kawada's attendance is only with regard to the Board of Directors meetings that were held after he assumed office as Director on June 22, 2016.

Candidate number	Name (Date of birth)	Biography, position, and business in charge, and important concurrent positions	Number of Company shares owned
1	Takashi Anzai (January 17, 1941) Reappointed	<p>Apr. 1963 Joined the Bank of Japan</p> <p>Dec. 1994 Executive Director, aforementioned bank</p> <p>Nov. 1998 President, Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>Aug. 2000 Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001 President, the Company</p> <p>Sep. 2005 Director, Seven & i Holdings Co., Ltd. (present post)</p> <p>Jun. 2010 Chairman and Representative Director, the Company (present post)</p> <p>[Major Concurrent Positions] Director, Seven & i Holdings Co., Ltd.</p> <p>[Reasons for appointing the candidate for Director] Mr. Takashi Anzai, as Chairman and Representative Director of the Company, possesses abundant experience, demonstrated performance and insight into the overall management of the Company. Therefore, the Company judges Mr. Anzai to be a suitable person to administer and supervise the Company's overall management, and reappointed him as a candidate for Director.</p>	601,100
2	Kensuke Futagoishi (October 6, 1952) Reappointed	<p>Apr. 1977 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 General Manager of Retail Business Planning Division, UFJ Holdings, Inc. (now Mitsubishi UFJ Financial Group, Inc.)</p> <p>Jan. 2002 General Manager of Gotanda Corporate Sales Department, UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 2003 Joined the Company</p> <p>Nov. 2003 General Manager of Business Promotion Division, aforementioned company</p> <p>Jun. 2004 Director, aforementioned company</p> <p>Jun. 2006 Director, Executive Officer, aforementioned company</p> <p>Nov. 2007 Director, Managing Executive Officer, aforementioned company</p> <p>Jun. 2009 Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2010 President and Representative Director, aforementioned company (present post)</p> <p>[Business in Charge] Internal Audit Division</p> <p>[Reasons for appointing the candidate for Director] Mr. Kensuke Futagoishi, as President and Representative Director of the Company, has controlled the Company's overall management, striving to achieve the medium- to long-term growth strategies of the Company. Mr. Futagoishi possesses broad knowledge not only in management of a company but also in strengthening corporate governance. Therefore, the Company judges him to be a suitable candidate for Director.</p>	229,900

Candidate number	Name (Date of birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
3	Yasuaki Funatake (November 29, 1956) Reappointed	<p>Apr. 1980 Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited.)</p> <p>Jul. 2001 Manager of Retail Business Development Division, Shinsei Bank Limited</p> <p>Dec. 2001 Joined the Company</p> <p>Oct. 2002 General Manager of Business Development Division, aforementioned company</p> <p>May 2006 General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2006 Executive Officer, General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2008 Director, Executive Officer, General Manager of Business Promotion Division, aforementioned company</p> <p>Jun. 2010 Director, Managing Executive Officer, General Manager of Planning Division, aforementioned company</p> <p>Jun. 2013 Director, Senior Managing Executive Officer, General Manager of Planning Division, aforementioned company</p> <p>Apr. 2014 Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2016 Director, Executive Vice President, aforementioned company (present post)</p> <p>[Business in Charge] Planning Division, General Affairs Division, Human Resources Division</p> <p>[Reasons for appointing the candidate for Director] Mr. Yasuaki Funatake, as Director and Executive Vice President of the Company, has controlled the Company's management strategies, financial and capital policies and public relations and IR activities addressing stakeholders, and possesses broad knowledge in overall bank operation. Therefore, the Company judges Mr. Funatake to be a suitable candidate for Director.</p>	189,000
4	Kazuhiko Ishiguro (December 2, 1957) Reappointed	<p>Apr. 1980 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 Director, Ufit Co., Ltd. (now TIS Inc.) (on loan)</p> <p>Apr. 2004 Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.) (on loan)</p> <p>Mar. 2006 Executive Managing Director, aforementioned company (on loan)</p> <p>May 2009 Joined the Company</p> <p>May 2009 Executive Officer, General Manager of System Division, aforementioned company</p> <p>Jun. 2010 Director, Executive Officer, General Manager of System Division, aforementioned company</p> <p>Jun. 2013 Director, Managing Executive Officer, General Manager of System Division, aforementioned company</p> <p>Apr. 2014 Director, Managing Executive Officer, aforementioned company</p> <p>Jun. 2016 Director, Senior Managing Executive Officer, aforementioned company (present post)</p> <p>[Business in Charge] System Division, ATM Solution Division, and Administration Division</p> <p>[Reasons for appointing the candidate for Director] Mr. Kazuhiko Ishiguro, as Director and Senior Managing Executive Officer of the Company, has controlled the Company's System Division, which supports the ATMs, products and services of the Company, and possesses abundant experience, demonstrated performance and insight related to systems and overall bank operation. Therefore, the Company judges Mr. Ishiguro to be a suitable candidate for Director.</p>	25,800

Candidate number	Name (Date of birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
5	Taku Oizumi (October 24, 1956) Reappointed	<p>Apr. 1980 Joined the Bank of Japan</p> <p>Nov. 2002 Branch Manager of Yokohama Branch, aforementioned bank</p> <p>Jul. 2006 General Manager of Payment and Settlement Systems Department, aforementioned bank</p> <p>Apr. 2008 General Manager of Currency Issue Department, aforementioned bank</p> <p>Jul. 2010 Joined the Company</p> <p>Jan. 2011 Executive Officer, aforementioned company</p> <p>Jun. 2012 Director, Executive Officer, aforementioned company</p> <p>Oct. 2013 Director, Managing Executive Officer, General Manager of Overseas Business Division, aforementioned company</p> <p>Apr. 2014 Director, Managing Executive Officer, aforementioned company</p> <p>May 2014 Director, Seven Financial Service Co., Ltd.</p> <p>Oct. 2016 Director, Managing Executive Officer, General Manager of International Business Division, Company (present post)</p> <p>[Business in Charge] International Business Division</p> <p>[Reasons for appointing the candidate for Director] Mr. Taku Oizumi, as Director and Managing Executive Officer of the Company, has controlled the International Business Division, which promotes the Company's overseas business development, and possesses abundant experience, demonstrated performance and insight related to the Company's global business strategies. Therefore, the Company judges Mr. Oizumi to be a suitable candidate for Director.</p>	15,900
6	Hisanao Kawada (July 29, 1960) Reappointed	<p>Apr. 1984 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Dec. 2005 Joined the Company</p> <p>Oct. 2006 General Manager of Project Development Division, aforementioned company</p> <p>Sep. 2011 Executive Officer, General Manager of Product Service Division, aforementioned company</p> <p>Jul. 2013 Executive Officer, General Manager of Business Promotion Division, aforementioned company</p> <p>Jul. 2015 Managing Executive Officer, General Manager of Business Promotion Division, aforementioned company</p> <p>May 2016 Director, Seven Financial Service Co., Ltd. (present post)</p> <p>Jun. 2016 Director, Managing Executive Officer, General Manager of Business Promotion Division, Company (present post)</p> <p>[Business in Charge] Business Promotion Division, Treasury Division and Sales Promotion Division</p> <p>[Major Concurrent Positions] Director, Seven Financial Service Co., Ltd.</p> <p>[Reasons for appointing the candidate for Director] Mr. Hisanao Kawada, as Director and Managing Executive Officer of the Company, controlled the planning and promotion of new products and services and the expansion of business partners in the ATM business. Mr. Kawada possesses abundant experience and demonstrated performance related to the overall ATM business of the Company. Therefore, the Company judges him to be a suitable candidate for Director.</p>	80,400

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
7	Katsuhiro Goto (December 20, 1953) Newly appointed	<p>Jul. 1989 Joined Seven-Eleven Japan Co., Ltd.</p> <p>May 2002 Director, Ito-Yokado Co., Ltd.</p> <p>May 2004 Managing Director, aforementioned company</p> <p>Sep. 2005 Director, Seven & i Holdings Co., Ltd.</p> <p>May 2006 Director, Millennium Retailing, Inc.</p> <p>Aug. 2009 Director, Sogo & Seibu Co., Ltd.</p> <p>May 2016 Vice President & Representative Director, Seven & i Holdings Co., Ltd. (present post)</p> <p>[Major Concurrent Position] Vice President & Representative Director, Seven & i Holdings Co., Ltd.</p> <p>[Reasons for appointing the candidate for Director] Expecting Mr. Katsuhiro Goto's experience and insight as a Representative Director of Seven & i Holdings Co., Ltd., to contribute to the Company's management, the Company judges him to be a suitable candidate for Director.</p>	30,000
8	Yoji Ohashi (January 21, 1940) Reappointed Independent Officer Outside Director	<p>Apr. 1964 Joined All Nippon Airways Co., Ltd.</p> <p>Jun. 1993 Director, aforementioned company</p> <p>Jun. 1997 Executive Managing Director, aforementioned company</p> <p>Jun. 1999 Vice President and Representative Director, aforementioned company</p> <p>Apr. 2001 President and Representative Director, aforementioned company</p> <p>Apr. 2005 Chairman and Representative Director, aforementioned company</p> <p>Apr. 2007 Chairman and Director, aforementioned company</p> <p>May 2008 Vice Chairman, Japan Business Federation</p> <p>Jun. 2008 Director, the Company (present post)</p> <p>Jun. 2008 Auditor, The Japan Atomic Power Company</p> <p>Oct. 2010 Director, TV TOKYO Holdings Corporation (present post)</p> <p>Apr. 2013 Chairman and Director, ANA HOLDINGS INC.</p> <p>Apr. 2015 Executive Advisor, aforementioned company (present post)</p> <p>[Major Concurrent Position] Outside Director, TV TOKYO Holdings Corporation</p> <p>[Reasons for appointing the candidate for Outside Director] Mr. Yoji Ohashi's experience and insight, etc., as Representative Director of ANA HOLDINGS INC. and Vice Chairman of the Japan Business Federation has genuinely contributed to the management of the Company. Therefore, the Company judges him to be a suitable candidate for Outside Director.</p>	2,200
9	Yuko Miyazaki (July 9, 1951) Reappointed Outside Director	<p>Apr. 1979 Registered as an Attorney-at-law, joined Daiichi Tokyo Bar Association (present post)</p> <p>Apr. 1979 Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu) (present post)</p> <p>Aug. 1984 Joined as Counsel of Legal Department, The World Bank (until August 1986)</p> <p>Jun. 2012 Director, the Company (present post)</p> <p>Jun. 2015 Audit & Supervisory Board Member, Oji Holdings Corporation (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Nagashima Ohno & Tsunematsu) Outside Audit & Supervisory Board Member, Oji Holdings Corporation</p> <p>[Reasons for appointing the candidate for Outside Director and additional information] Ms. Yuko Miyazaki is an attorney-at-law, specializing in tax law and corporate legal affairs. Ms. Miyazaki's legal knowledge and abundant experience, etc., have genuinely contributed to the management of the Company. Although Ms. Miyazaki has not been directly involved in corporate management other than as an Outside Director, for the above reasons, the Company judges her to be a suitable candidate for Outside Director.</p>	0

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
10	Shuji Ohashi (November 23, 1938) Reappointed Independent Officer Outside Director	<p>Apr. 1961 Joined Japan Management Association (now JMA Consultants Inc.)</p> <p>May 1975 Registered as a Certified Public Accountant</p> <p>Jun. 1991 Managing Director and General Manager of Overseas Division, aforementioned company</p> <p>Sep. 1993 President and Representative Director, JMAC AMERICA, INC.</p> <p>Jun. 2001 Executive Advisor, JMA Consultants Inc. (present post)</p> <p>Jun. 2013 Director, the Company (present post)</p> <p>Jun. 2014 Director, YOKOWO CO., LTD. (present post)</p> <p>[Major Concurrent Positions] Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office) Outside Director, YOKOWO CO., LTD.</p> <p>[Reasons for appointing the candidate for Outside Director] Mr. Shuji Ohashi's professional knowledge as a Certified Public Accountant, broad knowledge as a management consultant and abundant experience as a manager of a company has genuinely contributed to the management of the Company. Therefore, the Company judges him to be a suitable candidate for Outside Director.</p>	10,300

- Notes: 1. Candidate Mr. Katsuhiro Goto concurrently serves as Vice President & Representative Director of Seven & i Holdings Co., Ltd., which is a specific related company of the Company.
There are no particular interests between the Company 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. Yoji Ohashi, Ms. Yuko Miyazaki and Mr. Shuji Ohashi are candidates for Outside Director of the Company.
3. Mr. Yoji Ohashi, Ms. Yuko Miyazaki and Mr. Shuji Ohashi are currently Outside Directors of the Company and their periods of service as Outside Directors will be nine years for Mr. Yoji Ohashi, five years for Ms. Yuko Miyazaki, and four years for Mr. Shuji Ohashi as of the conclusion of the Meeting.
4. With candidates Mr. Yoji Ohashi, Ms. Yuko Miyazaki and Mr. Shuji Ohashi, the Company 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 election of each candidate is approved as originally proposed, this contract shall continue to be effective.
If the election of candidate Mr. Katsuhiro Goto is approved as originally proposed, the Company intends to conclude a similar contract for limitation of indemnity liability with him.
5. Candidates Mr. Yoji Ohashi and Mr. Shuji Ohashi have been registered as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc. If their election to Outside Directors is approved as originally proposed, they will continue to be registered as Independent Officers.

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

The term of office of Mr. Kunihiro Matsuo and Mr. Toshiaki Ikeda will expire at the end of this General Meeting of Shareholders. We therefore propose that you elect Two (2) Audit & Supervisory Board Members.

This proposal has already been approved by the Audit & Supervisory Board. Candidates for the position of Audit & Supervisory Board Member are as follows.

Candidate number	Name (Date of Birth)	Biography, position and business in charge, and important concurrent positions	Number of Company shares owned
1	Kunihiro Matsuo (September 13, 1942) Reappointed Independent Officer Outside Audit & Supervisory Board Member	<p>Apr. 1968 Appointed as a Prosecuting Attorney for Tokyo District Public Prosecutor's Office</p> <p>Jun. 1998 Director-General of the Criminal Affairs Bureau, Ministry of Justice</p> <p>Dec. 1999 Vice-Minister of Justice</p> <p>Sep. 2003 Superintending Prosecutor, Tokyo High Public Prosecutors Office</p> <p>Jun. 2004 Prosecutor General, Supreme Public Prosecutors Office</p> <p>Sep. 2006 Registered as an attorney-at-law and joined Daiichi Tokyo Bar Association (present post)</p> <p>Jun. 2007 Audit and Supervisory Board Member, Toyota Motor Corporation</p> <p>Jun. 2008 Corporate Auditor, Mitsui & Co., Ltd.</p> <p>Jun. 2009 Corporate Auditor, Komatsu Ltd. (present post)</p> <p>Jun. 2011 Corporate Auditor, Brother Industries, Ltd.</p> <p>Jan. 2013 Director, Japan Exchange Group, Inc.</p> <p>Jun. 2013 Audit & Supervisory Board Member, the Company (present post)</p> <p>Jun. 2013 Corporate Auditor, TV TOKYO Holdings Corporation (present post)</p> <p>[Major Concurrent Position] Attorney-at-law (Head of Kunihiro Matsuo Law Firm) Outside Corporate Auditor, Komatsu Ltd. Outside Corporate Auditor, TV TOKYO Holdings Corporation</p> <p>[Reasons for appointing the candidate for Outside Audit & Supervisory Board Member] Mr. Kunihiro Matsuo's insights, nurtured in his career as a prosecutor for many years, and experience as an Outside Director and Outside Corporate Auditor for other companies have genuinely contributed to the auditing of the management of the Company. Although Mr. Matsuo has not been directly involved in corporate management other than as an Outside Director or Outside Corporate Auditor, for the above reasons, the Company judges him to be a suitable candidate for Outside Audit & Supervisory Board Member.</p>	0
2	Akihiko Shimizu (March 16, 1952) Newly appointed	<p>Apr. 1994 Joined Ito-Yokado Co., Ltd.</p> <p>May 2004 Executive Officer, aforementioned company</p> <p>Sep. 2005 Senior Officer, Accounting Dept., Seven & i Holdings Co., Ltd.</p> <p>Jan. 2006 Executive Officer, Senior Officer of Accounting Dept., aforementioned company</p> <p>May 2012 Director, Executive Officer, Senior Officer of Accounting Dept., aforementioned company</p> <p>Jun. 2013 Director, the Company (present post)</p> <p>May 2015 Statutory Auditor, York Mart Co., Ltd. (present post)</p> <p>[Reasons for appointing the candidate for Audit & Supervisory Board Member] Mr. Akihiko Shimizu's experience as a Director, Executive Officer, Senior Officer of Accounting Dept., of Seven & i Holdings Co., Ltd., has genuinely contributed to the management of the Company. In addition, Mr. Shimizu possesses a considerable level of knowledge regarding finance and accounting. Therefore, the Company judges him to be a suitable candidate for Audit & Supervisory Board Member.</p>	20,000

- Notes: 1. There are no particular interests between the Company and Mr. Kunihiro Matsuo, a candidate for Audit & Supervisory Board Member.
For the past five years, Mr. Akihiko Shimizu executed business as a Director, Executive Officer, Senior Officer, Accounting Dept., of Seven & i Holdings Co., Ltd., which is a specific related company of the Company.
2. Candidate Mr. Kunihiro Matsuo is a candidate for Outside Audit & Supervisory Board Member.
3. Candidate Mr. Kunihiro Matsuo is currently an Outside Audit & Supervisory Board Member of the Company. Mr. Matsuo's term of office as an Outside Audit & Supervisory Board Member will be four years at the conclusion of the Meeting.
4. With candidate Mr. Kunihiro Matsuo, the Company 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 election of Mr. Matsuo is approved as originally proposed, this contract shall continue to be effective.
If the election of candidate Mr. Akihiko Shimizu is approved as originally proposed, the Company intends to conclude a similar contract for limitation of indemnity liability with him.

5. Candidate Mr. Kunihiro Matsuo has been registered as an Independent Officer with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc. If his election is approved as originally proposed, he will continue to be registered as an Independent Officer.

Proposal 3: Determination of the Amounts and Content of Performance-Based Stock Compensation to Directors

1. Reason for the proposal and reason why the compensation is appropriate

For the Company's Directors (excluding non-executive Directors and Directors residing overseas), the Company proposes to introduce a Performance-Based Stock Compensation Plan to grant the Company's shares in accordance with the level of achievement of performance targets (hereinafter, the "Plan"). Contingent on the approval of this Proposal by resolution of the Meeting, stock options as share-based compensation will not be issued in the future.

The purpose of the introduction of the Plan is to further raise motivation and morale in contributing to the medium- to long-term enhancement of performance and improvement of corporate value by linking a part of the Directors' compensation to the business performance and the stock value of the Company. Therefore, the Company believes the introduction of the Plan is appropriate.

This Proposal was put on the agenda of this Meeting based on the result of the deliberation of the introduction of the Plan at the Compensation Committee.

This Proposal proposes that stock compensation is granted to Directors (excluding non-executive Directors and Directors residing overseas) in a separate framework from the limit of compensation for Directors that was approved by resolution of the 11th Ordinary General Meeting of Shareholders held on June 19, 2012 (within ¥350,000,000 a year, of which within ¥60,000,000 a year for Outside Directors).

The number of Directors who will receive stock compensation under the Plan (excluding non-executive Directors and Directors residing overseas; hereinafter the same applies within this Proposal) will be six (6) if Proposal 1: Election of Ten (10) Directors is approved as originally proposed.

2. Amounts of Compensation and Details of the Plan

(1) Outline of the Plan

Using the amount of compensation for Directors that is contributed by the Company, the Company's shares are acquired via the Trust. The Plan is a stock compensation plan that delivers or pays (hereinafter "deliver(y), etc.") the Company's shares acquired by the Trust and money equivalent to the converted value of such shares (hereinafter "the Company's shares, etc.") to the Directors (detailed in (2) and thereafter).

1) Persons who are eligible for delivery, etc. of the Company's shares, etc., under this Proposal	• The Company's Directors (excluding non-executive Directors and Directors residing overseas)
2) Impact of the Company's shares subject to this Proposal to the total number of the Company's shares issued	
Maximum total trust money contributed by the Company (as indicated in (2) below)	• A total of ¥400 million during three business years
Maximum number of the Company's shares, etc.,	• Maximum number of points (number of shares) granted to Directors during the Trust period:

delivered, etc., to Directors and method to acquire the Company's shares (as indicated in (2) and (3) below)	0.4 million points (shares) per year, which is approximately 0.03% of the total number of shares issued as of March 31, 2017 (after deduction of treasury shares) • Dilution of shares does not occur because the Company's shares will be acquired in the stock market.
3) Performance-linked factors and indicators (as described in (3) below)	• Range from 0 to 200% according to the degree of attainment of the Company's performance targets for each business year (consolidated ordinary income and consolidated ordinary profit, etc.)
4) Timing of delivery, etc., of the Company's shares, etc. (as indicated in (4) below)	• At the time of retirement as a Director

(2) Maximum total trust money contributed by the Company

The Plan applies to three consecutive business years.

During each trust period, the Company contributes money at a maximum total of ¥400 million as compensation to Directors and establishes a trust (hereinafter the "Trust") for a three-year trust period, with the beneficiaries as Directors who satisfy the beneficiary requirements. The initial trust period shall be approximately three years from August 2017 to August 31, 2020. If the trust period is extended as explained below, the subsequent three years.) Following the instructions of the trust administrator, the Trust acquires the Company's shares from the stock market using the money entrusted. During the Trust period, points are awarded to Directors (as indicated in (3)) and the Company's shares, etc., are delivered, etc., through the Trust.

At the expiration of the trust period, instead of establishing a new trust, the Company may continue the Trust by making amendments to the trust agreement and additional contributions to the Trust. In such a case, the trust period of the Trust shall be extended for the same duration as the initial trust, that is, the subsequent three years being the trust period after the extension. For each extended trust period, the Company shall make an additional contribution within the maximum total of ¥400 million and continue to award points and delivery, etc., the Company's shares, etc., to the Directors during the extended trust period. However, when making such an additional contribution, if there are remaining Company shares (excluding those corresponding to the number of points awarded to each Director that are not yet delivered to the Directors) and remaining money (hereinafter "remaining shares, etc.") within the trust assets at the end date of the Trust prior to its extension, the sum of the remaining shares, etc., and the money to be additionally contributed to the Trust shall be within the maximum total of ¥400 million.

Also, in case Directors who may satisfy the beneficiary requirements are still incumbent at the expiration of the trust period, although no points shall be awarded to such Directors after the expiration, the trust period of the Trust may be extended up to the designated limit until the completion of the delivery, etc., of the Company's shares, etc., to these Directors.

(3) Calculation method and the maximum total number of the Company's shares, etc., that are delivered, etc., to Directors

The number of the Company's shares, etc., that are delivered, etc., to Directors is determined based on the share delivery points which is calculated using the following formula.

The number of the share delivery points shall be determined as one share per point. In the event of an increase or decrease in the number of the Company's shares held in the Trust due to a share split, gratis allotment of shares or a share consolidation, etc., the Company will make an adjustment to the number of the Company's shares, etc. to be delivered, etc. for each point in accordance with the ratio of such increase or decrease.

The maximum total number of points awarded to Directors during the trust period of the Trust shall be 0.4 million points a year. This maximum total number of points awarded to Directors was determined based on the maximum total trust money indicated in (2) above and the Company's most recent stock price.

(Calculation formula for the number of the share delivery points)

Sum of the accumulated Fixed Points and the accumulated Performance-Based Points as of the date when the beneficiary requirements, such as retirement, are met

(Fixed Points)

To Directors in office during each year within the trust period, at a certain timing each year, points are awarded at the number calculated using the following formula.

Monthly compensation amount by rank¹ × Fixed Points composition ratio¹ ÷ Average closing price² of the Company's share on the Tokyo Stock Exchange in April of a business year (for the initial Trust period, however, it will be in July 2017) that includes the start date of the trust period

(Performance-Based Points)

To Directors in office during each year within the trust period, at a certain timing each year, points are awarded at the number calculated using the following formula according to the rank and the degree of attainment of the prior year's performance targets of the Company.

Monthly compensation amount by rank¹ × Performance-Based Points composition ratio¹ × performance-linked factors³ ÷ Average closing price² of the Company's share on the Tokyo Stock Exchange in April of a business year (for the initial Trust period, however, it will be in July 2017) that includes the start date of the trust period

1. The "Monthly compensation amount by rank," the "Fixed Points composition ratio" and the "Performance-Based Points composition ratio" are determined by taking into account such factors as the rank of the Director, executive remuneration, the ratio of cash remuneration to the total remuneration and the ratio of stock compensation to the total remuneration, and the ratio of Performance-Based compensation.
2. Decimal values arising in Fixed Points and Performance-Based Points shall be truncated.
3. Performance-linked factors range from 0 to 200% according to the degree of attainment of the Company's performance targets for each business year, which is evaluated using such indicators as consolidated ordinary income and consolidated ordinary profit, etc.

(4) Timing of the delivery, etc., of the Company's shares, etc., to Directors

In case a Director fulfills the beneficiary requirements due to retirement, the Director, at the time of his/her retirement, shall receive the delivery, etc. of the Company's shares, etc. corresponding to the number of his/her share delivery points calculated using (3) above. (Provided, however, there is a possibility that a certain percentage of the Company's shares granted to the Director may be converted into money equivalent to the converted value of such shares within the Trust and paid to the Director.)

In the event that the beneficiary requirements are met because of the passing of a Director during the trust period, in principle, all the Company's shares in the number that corresponds to the points delivered at the point of such passing shall be converted into money equivalent to the converted value thereof within the Trust, then such money shall be provided from the Trust to the heir of the Director. In the event that the beneficiary requirements are met because it was decided during the trust period that the Director is to assume a position overseas and reside outside Japan, in principle, all the Company's shares in the number that corresponds to the points delivered at the point of such a decision shall be converted into money equivalent to the converted value thereof within the Trust, then such money shall be provided to the Director.

(5) Voting rights pertaining to the Company's shares

Exercise of voting rights pertaining to the Company's shares in the Trust will not be exercised during the trust period to ensure neutrality to company management.

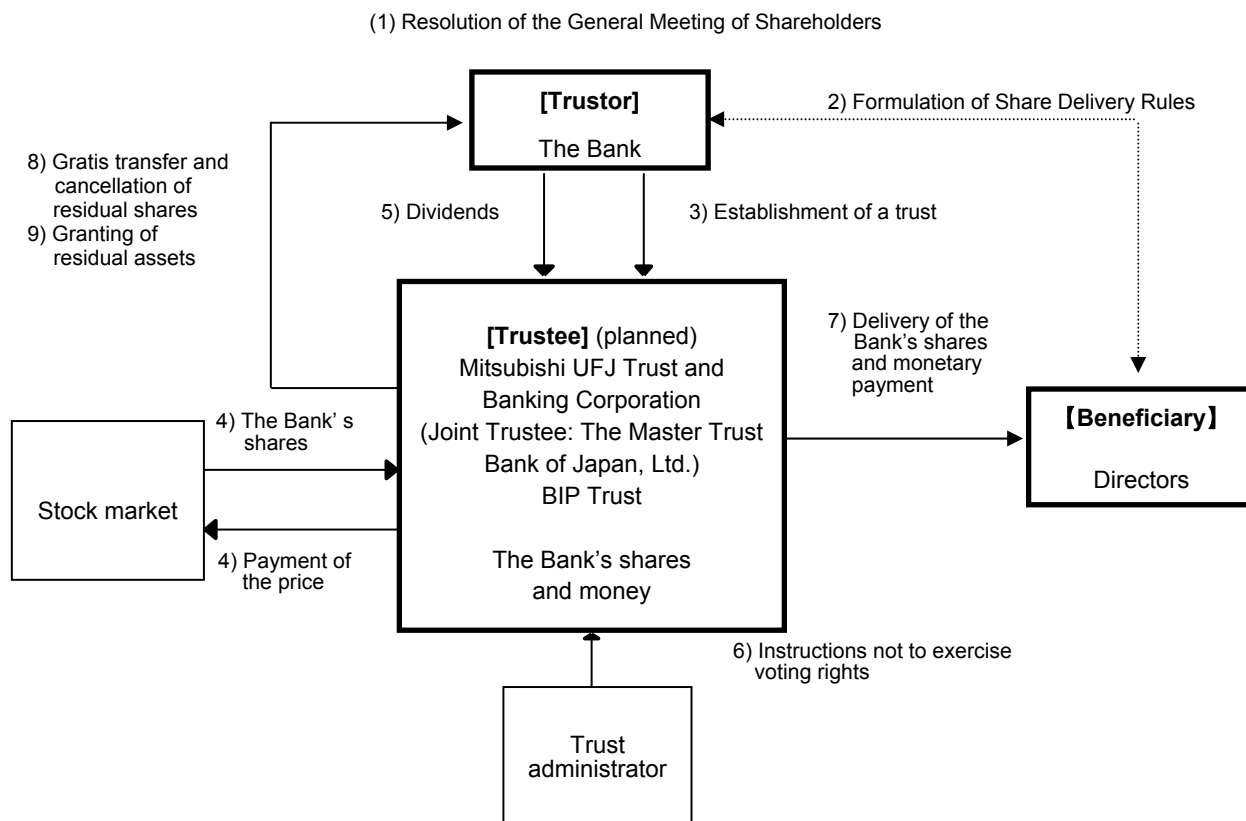
(6) Other details of the Plan

Other matters regarding the Plan shall be determined by resolution of the Board of Directors at the time of establishing the Plan and at the time of making amendments to the trust agreement and additionally contributing to the Trust.

For the details of the Plan, please refer to the "Notice Concerning the Introduction of Performance-Based Stock Compensation Plan to Directors of the Bank" (Reference below: Excerpt from the press release as of May 12, 2017).

Reference: Excerpt from the press release as of May 12, 2017

Framework of the Plan



- 1) The Bank obtains resolution for approval of the introduction of the Plan as executive remuneration at the Meeting.
- 2) Concerning the introduction of the Plan, the Bank establishes the Share Delivery Rules related to executive remuneration at the meeting of the Board of Directors.
- 3) The Bank establishes a trust with Directors who meet the beneficiary requirements as the beneficiaries such as retirement (the "Trust") by entrusting money to the trustee within the limit as approved by the resolution of the Meeting in 1).
- 4) The Trustee follows the instructions of the trust administrator and acquires the Bank's shares from the stock market using the money contributed in 3).
- 5) Dividends on the Bank's shares held in the Trust are also paid in the same manner as the other shares of the Bank.
- 6) No voting rights shall be exercised on the Bank's shares held in the Trust during the trust period.
- 7) During the trust period, the Bank's shares, etc., shall be delivered, etc., from the Trust to the Directors who meet the beneficiary requirements (such as retirement, etc.) in accordance with the Share Delivery Rules.
- 8) 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.

- 9) 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 the 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 Directors.

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 corresponding to the number of points determined for each Director for the delivery, etc., of the Bank's shares, 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 within the amount of trust money.

Business Report for the 16th Fiscal Period (from April 1, 2016 to March 31, 2017)

1 Matters concerning the current status of the Company

1. Business developments and outcomes

Description of main businesses

Seven Bank (the “Company”) provides a range of cash deposit and withdrawal services via a highly convenient Automated Teller Machine (ATM) network operating 24 hours a day, 365 days a year. The ATM network consists of ATMs at airports, train stations and outlets of banking and financial institutions, as well as retail outlets including 7-Eleven and Ito-Yokado, which belong to the Seven & i Group (the “Group”), backed by partnerships with a wide variety of financial institutions including regular banks, *shinkin* banks, credit cooperatives, labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, securities companies, life insurance companies, credit card companies and consumer finance companies.

The Company also provides close and convenient bank account services including ordinary deposits, time deposits, loan services, international money transfer services and debit services accessible from more than 23,000 ATMs nationwide, PCs and smartphones.

Economic and Financial environment

During the fiscal year under review, the Japanese economy continued to stay on a moderate recovery path with the effect of the economic measures by the Japanese government. The financial environment remained substantially saturated with corporations’ fund procurement costs staying low.

Business developments and outcomes for the fiscal year under review

(1) ATM services

During fiscal 2016, Seven Bank aggressively promoted the installation of ATMs within and outside the Group to enhance the convenience for customers.

Also during fiscal 2016, we established new partnerships with THE OKINAWA KAIHO BANK, LTD. (August 2016), as well as one *shinkin* bank, three credit cooperatives, one securities company and four other financial institutions. As a result, as of March 31, 2017, we partnered with 124 banks¹, 261 *shinkin* banks², 130 credit cooperatives³, 13 labor banks, JA Bank, JF Marine Bank, Shoko Chukin Bank, 12 securities companies⁴, 8 life insurance companies and 50 other financial institutions⁵, totaling 601 businesses⁶.

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

In addition, to further enrich ATM services, in March 2017 we started to provide a service that allows ATM deposit and withdrawal transactions using only a smartphone without using a cash card.

As a result of such initiatives, the number of our ATMs installed reached 23,368 (up 3.9% compared with the end of March 2016). The average daily transactions per ATM were 95.5 (down 3.3% year over year), and a total of 796 million transactions were recorded (up 1.7% year over year).

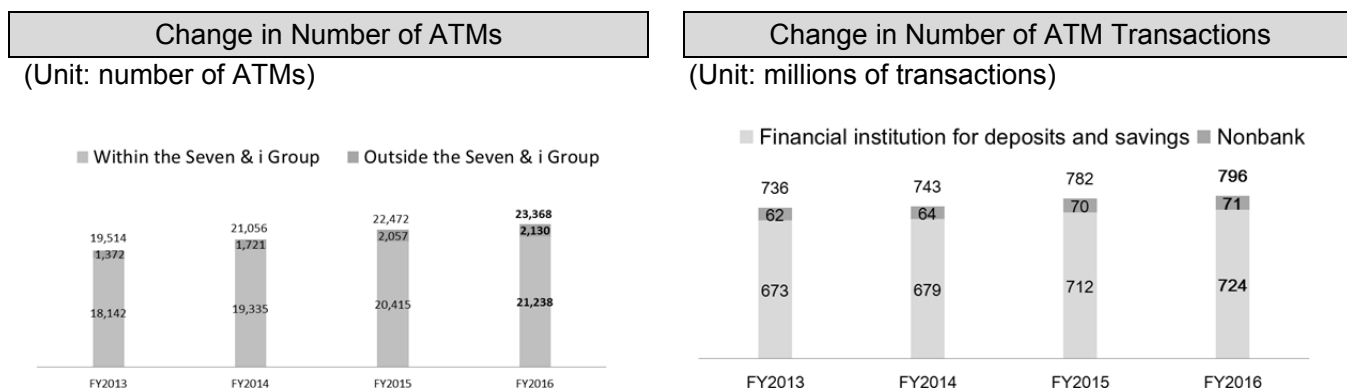
Notes: 1. Compared with the 123 banks with which we had partnerships at the end of March 2016, one bank was newly added as a partner, resulting in 124 bank partnerships at the end of March 2017.

2. Compared with 261 *shinkin* banks with which we had partnerships at the end of March 2016, one *shinkin* bank was newly added as a partner, and one *shinkin* bank ceased to be a partner due to a merger, resulting in 261 partnerships at the end of March 2017.

3. Compared with 129 credit cooperatives with which we had partnerships at the end of March 2016, three credit cooperatives were newly added as partners, and two credit cooperatives ceased to be partners due to a merger, resulting in 130 partnerships at the end of March

2017.

4. Compared with 11 securities companies with which we had partnerships at the end of March 2016, one securities company was newly added as a partner, resulting in 12 partnerships at the end of March 2017.
5. Compared with 47 other financial institutions with which we had partnerships at the end of March 2016, four financial institutions were newly added as partners, and one financial institution ceased to be a partner due to cancellation of partnership, resulting in 50 partnerships at the end of March 2017.
6. JA Bank and JF Marine Bank are each counted as one institution.



(2) Financial services business

The Company had 1,690 thousand individual customer accounts at the end of March 2017 (up 8.1% compared with the end of March 2016), a balance of deposits of 396,800 million yen (up 1.8% year over year) and a balance of personal loan services of 19,800 million yen (up 22.3% year over year).

In October 2016, we started issuing cash cards with a debit function.

(3) Consolidated subsidiaries

As of December 31, 2016, the number of ATMs installed by FCTI, Inc., the Company's consolidated subsidiary in the United States, was 6,227. With regard to business results of FCTI, Inc. for the consolidated fiscal year (from January 2016 to December 2016), ordinary income was 77.6 million U.S. dollars, the ordinary loss was 6.6 million U.S. dollars and the net loss was 4.3 million U.S. dollars.

PT. ABADI TAMBAH MULIA INTERNASIONAL, the Company's consolidated subsidiary in Indonesia, promoted installation of ATMs. As of December 31, 2016, the number of ATMs installed by PT. ABADI TAMBAH MULIA INTERNASIONAL was 127.

Bank Business Factory Co., Ltd, the Company's domestic consolidated subsidiary, is developing businesses of back-office support on commission not only for the Company but also for other financial institutions.

(4) Operating results

Results of our operation in fiscal 2016 achieved ordinary income of 113,109 million yen (up 2.3% year over year), ordinary profit of 38,911 million yen (down 0.2% year over year) and net income of 26,871 million yen (up 2.9% year over year).

Although the total number of ATM transactions steadily grew mainly due to the increase in the number of our ATMs installed, revenues increased but profits declined because of increased ordinary expenses.

The Company's consolidated ordinary income for the year under review was 121,608 million yen (up 1.3% year over year), consolidated ordinary profit was 36,710 million yen (down 1.2% year over year), and net income attributable to owners of the parent was 25,114 million yen (up 1.6% year over year).

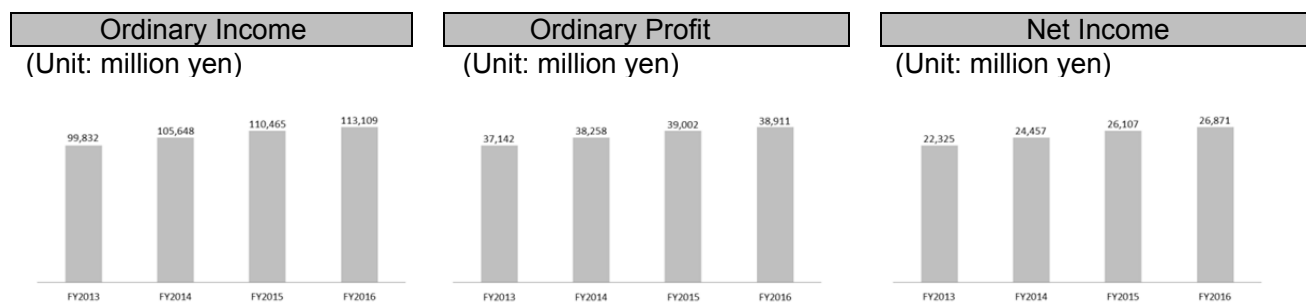
(5) Assets, liabilities and net assets

Total assets at the end of March 2017 were 955,644 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 685,766 million yen.

The remainder mostly consisted of marketable securities of 102,533 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 89,259 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities were 756,042 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 571,553 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 245,245 million yen and the balance of individuals' time deposits was 151,632 million yen.

Net assets were 199,602 million yen. Of these, retained earnings were 137,706 million yen.



Issues the Company needs to cope with

In fiscal 2017, our earnings environment is predicted to continue to be strong mainly because the number of our ATMs to be installed is expected to grow along with the opening of more 7-Eleven stores and further development outside the Group. On the other hand, changes in domestic and overseas macro economies and the increasingly diverse settlement methods as technologies evolve could affect our earnings.

To achieve our sustainable growth under these circumstances, we recognize as a crucial issue the need to create a broad-based earnings structure. To solve the issue, we formulated the Medium-Term Management Plan with fiscal 2019 as its final year.

Positioning the period for the Medium-Term Management Plan as a phase for establishing foundations for sustainable growth of the Company, we will strive for business expansion by strengthening the following three businesses.

- 1) ATM platform business;
- 2) Settlement and account business; and
- 3) Overseas business

Specific initiatives for the above are as follows:

(1) ATM platform business

Positioning our nationwide ATM infrastructure with more than 23,000 units as our platform, we will develop initiatives to increase the number of business partners and customers. Specifically, mainly by providing new services for our existing partner financial institutions and by providing services that cater to businesses that have newly entered the settlement market, we will strive to create ATM utilization styles that transcend convention and explore new markets.

In addition, while continuing the steady installation of ATMs within the Group, we will aggressively promote the installation of high-operability ATMs outside the Group as well, primarily at each center of transportation, logistics and tourism. Through these initiatives, we will strive to enrich both the quality and quantity of our ATM platform as we expand our ATM services.

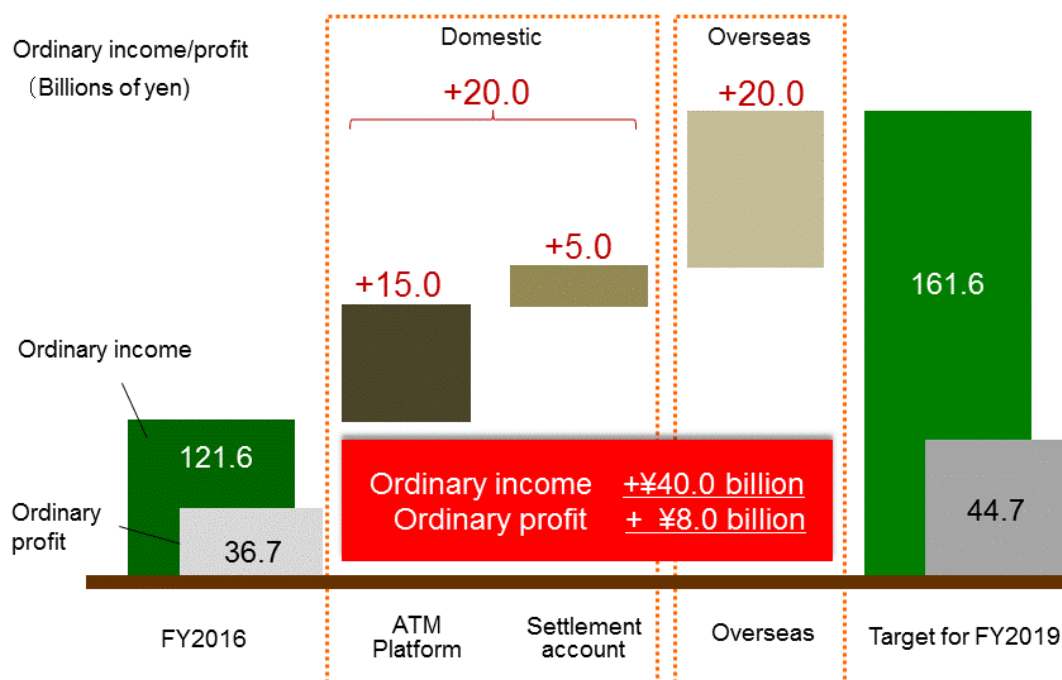
(2) Settlement and account business

In addition to improving convenience and enhancing profitability of our existing services such as personal loan services and international money transfer services, we will strive to further increase earnings by developing our proprietary services utilizing new technologies. We will also promote initiatives to provide new financial services such as a settlement service for as many as 22 million customers a day who visit stores of the Group.

(3) Overseas business

In fiscal 2017, FCTI, Inc., the Company's consolidated subsidiary in the United States, will start installing ATMs inside 7-Eleven stores all over the United States. We will strive to ensure steady ATM operation, pursue synergies with 7-Eleven, Inc. (U.S.) and aim to provide new services as well. In our efforts to expand in Indonesia and other regions, we will optimize the Company's know-how and infrastructure to develop our overseas business.

Through these initiatives, compared with fiscal 2016, we will strive to create another ¥40.0 billion of ordinary income and ¥8.0 billion of ordinary profit in fiscal 2019, the final year of the Medium-Term Management Plan.



Finally, by effectively utilizing the profits to be created by business operations in accordance with the Medium-Term Management Plan, the Company will conduct aggressive investments in new fields toward further growth and make the necessary preparations against risks that may affect our business continuity as an infrastructure business operator, while also steadily enhancing shareholder returns. In light of our future growth strategies and profitability prospects, we will raise our existing minimum payout ratio of 35% or more to 40% or more and strive for a stable and continuing increase in the amount of dividend.

Through these initiatives, the Company intends to develop its growth strategies based on the Medium-Term Management Plan and strive to further improve corporate value.

We look forward to your continued support and guidance.

2. Assets and profit/loss

(Unit: 100 millions of yen)

	FY2013	FY2014	FY2015	FY2016
Deposits	4,375	5,015	5,470	5,715
Time deposits	2,097	2,483	2,547	2,354
Others	2,278	2,531	2,923	3,361
Bonds	1,150	1,100	1,100	1,100
Loans receivable	52	104	162	198
To individuals	52	104	162	198
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	1,103	840	833	1,025
Government bonds	810	305	—	—
Others	293	534	833	1,025
Total assets	7,853	8,503	9,108	9,556
Amount of domestic exchange handled	293,264	311,432	327,104	344,226
Amount of foreign exchange handled	Millions of U.S. dollars 155	Millions of U.S. dollars 240	Millions of U.S. dollars 315	Millions of U.S. dollars 430
Ordinary profit	Millions of yen 37,142	Millions of yen 38,258	Millions of yen 39,002	Millions of yen 38,911
Net income for the term	Millions of yen 22,325	Millions of yen 24,457	Millions of yen 26,107	Millions of yen 26,871
Net income per share for the term	Yen 18.74	Yen 20.53	Yen 21.92	Yen 22.55

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

(Reference) Assets and profit/loss of the Group

(Unit: 100 millions of yen)

	FY2013	FY2014	FY2015	FY2016
Ordinary income	1,055	1,140	1,199	1,216
Ordinary profit	357	370	371	367
Net income attributable to owners of the parent	212	232	247	251
Comprehensive income	237	255	246	246
Net assets	1,534	1,698	1,847	1,990
Total assets	7,903	8,564	9,153	9,577

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

3. Employees

	Current FY end	Previous FY end
Number of employees	353	343
Average age	41 years, 8 months	42 years, 1 month
Average years of service	7 years, 1 month	6 years, 9 months
Average monthly salary	429 thousand yen	425 thousand yen

- Notes: 1. Figures for average age, average years of service and average monthly salary are rounded off to the nearest whole unit.
2. Number of employees does not include officers, executive officers, employees on loan to other companies, temporary or part-time employees, contract employees and dispatched employees, whereas it includes employees on loan from other companies.
3. Average monthly salary is the average figure for March, excluding bonuses.

4. Outlets and branch stores

A. Growth in numbers of outlets and branch stores

	Current FY end		Previous FY end	
	Total	(Outlets) (2)	Total	(Outlets) (2)
Tokyo metropolitan region	20	(2)	20	(2)
Saitama Prefecture	1	(1)	1	(1)
Chiba Prefecture	1	(1)	1	(1)
Kanagawa Prefecture	1	(1)	1	(1)
Aichi Prefecture	1	(1)	1	(1)
Fukuoka Prefecture	1	(1)	1	(1)
Total	25	(7)	25	(7)

- Notes: 1. Outlets and branch stores include the headquarters, 17 virtual branch stores (12 for individuals, 5 for corporations), all of which are located at the headquarters and 7 manned outlets.
2. In addition to the above, non-store ATMs were installed in 21,694 locations as of the end of FY 2016 (up from 20,728 as of the end of FY 2015).

B. New outlets and branch stores for FY 2016

Name of outlet or branch store	Location
Ueno Outlet of the headquarters	Ameyoko Center Bldg. 3F, 7-8, Ueno 4-chome, Daito-ku, Tokyo

Note: There were 1,876 new non-store ATMs installed, while 910 non-store ATMs were closed in FY2016. Also, Ito-Yokado Ario Nishiarai Outlet of the headquarters was closed.

C. 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)

D. Bank agency services, etc. operated by Seven Bank

Name/trade name of affiliated financial institutions
Sony Bank Inc.

Note: During FY2016, bank agency services related to Sumitomo Mitsui Banking Corporation and Saitama Resona Bank, Ltd., ended.

5. Plant and equipment investment

A. Total amount of investment

(Unit: millions of yen)

Total amount of plant and equipment investment	14,213
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Notes: 1. The above figure is rounded off to the nearest whole unit.

2. The above figure represents total investment amount in tangible and intangible fixed assets (excluding transfers from temporary accounts).

B. Important plant and equipment newly established

(Unit: millions of yen)

Details	Amount
ATMs	4,052
Software	8,756

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

6. Principal parent company and subsidiary, etc.

A. Parent company

Name	Location	Main businesses	Date of Incorporation	Stated Capital	Percentage of voting rights in the Company owned by the parent company	Others
Seven & i Holdings Co., Ltd.	Chiyoda-ku, Tokyo	Pure holding company	September 1, 2005	Millions of yen 50,000	% 45.78 (45.78)	—

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

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

B. Subsidiary, etc.

(As of March 31, 2016)

Name	Location	Main businesses	Date of Incorporation	Stated Capital	Percentage of voting rights in subsidiaries, etc. owned by the Company	Others
FCTI, Inc.	California, USA	ATM operation business	August 25, 1993	Millions of U.S. dollars 19	% 100.00	—
FCTI Canada, Inc.	Ontario, Canada	ATM operation business	July 8, 2015	Thousands of Canadian dollars 200	100.00 (100.00)	—
PT. ABADI TAMBAH MULIA INTERNASIONAL	Jakarta Special Capital Region, Indonesia	ATM operation	June 10, 2014	100 millions of Indonesian rupiah 900	96.66	—
Bank Business Factory Co., Ltd.	Yokohama, Kanagawa Prefecture, Japan	Commissioned clerical work	July 1, 2014	Millions of yen 50	100.00	—

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

7. Assignment of business, etc.

Not applicable

8. Other important items concerning the current situation of the bank

Major loan sources

(Unit: millions of yen)

Loan sources	Amount of loans
Mitsubishi UFJ Trust and Banking Corporation	10,000

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

1. Status of Company officers

(As of the end of fiscal year)

Name	Position and business in charge	Important Concurrent Posts	Other
Takashi Anzai	Chairman and Representative Director	Director, Seven & i Holdings Co., Ltd.	—
Kensuke Futagoishi	President and Representative Director [Business in Charge] Internal Audit Division		—
Yasuaki Funatake	Director, Executive Vice President [Business in Charge] Planning Division, General Affairs Division, Human Resources Division		—
Kazuhiko Ishiguro	Director, Senior Managing Executive Officer [Business in Charge] System Division, ATM Solution Division and Administration Division		—
Taku Oizumi	Director, Managing Executive Officer, General Manager of International Business Division [Business in Charge] International Business Division		—
Hisanao Kawada	Director, Managing Executive Officer, General Manager of Business Promotion Division [Business in Charge] Business Promotion Division, Treasury Division and Sales Promotion Division	Director, Seven Financial Service Co., Ltd.	—
Akihiko Shimizu	Director	Director, Executive Officer and Senior Officer, Accounting Dept. of Seven & i Holdings Co., Ltd.	—
Yoji Ohashi	Director (Outside Director)	Outside Director, TV TOKYO Holdings Corporation	—
Yuko Miyazaki	Director (Outside Director)	Attorney-at-law (Nagashima Ohno & Tsunematsu); Outside Audit & Supervisory Board Member, Oji Holdings Corporation	—
Shuji Ohashi	Director (Outside Director)	Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office); Outside Director, YOKOWO CO., LTD.	—
Yuri Okina	Director (Outside Director)	Vice Chairman of the Institute, The Japan Research Institute, Limited; Outside Director, Nippon Yusen Kabushiki Kaisha; Outside Director, Bridgestone Corporation	—
Toshiaki Ikeda	Audit & Supervisory Board Member (full-time)		—
Isamu Hirai	Audit & Supervisory Board Member (full-time)		—
Naomi Ushio	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Vice President (in charge of public relations), Meiji University; Outside Corporate Auditor, JX Holdings, Inc.	—
Kunihiro Matsuo	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Attorney-at-law (Head of Kunihiro Matsuo Law Firm); Outside Corporate Auditor, Komatsu Ltd.; Outside Corporate Auditor, TV TOKYO Holdings Corporation	—

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

(Name)	(Position at Resignation)	(Date of Resignation)
Tetsuya Katada	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	June 22, 2016

- Mr. Yoji Ohashi, Mr. Shuji Ohashi, Ms. Yuri Okina, Ms. Naomi Ushio and Mr. Kunihiro Matsuo have been registered as Independent Officers with the Tokyo Stock Exchange, based on the provisions stipulated by Tokyo Stock Exchange, Inc.
- JX Holdings, Inc., at which Ms. Naomi Ushio concurrently holds a position, changed its company name to JXTG Holdings, Inc., as of April 1, 2017.

2. Remuneration, etc., for Company officers

(Unit: million yen)

Category	Number of persons	Remuneration, etc.
Director	12	390 (inclusive of 83 million yen in non-remuneration payments)
Audit & Supervisory Board Member	5	66
Total	17	457 (inclusive of 83 million yen in non-remuneration payments)

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

2. The "Remuneration, etc." in the above table includes 83 million yen of subscription rights to shares as "non-remuneration payments" which were granted to six Directors as stock options by resolution of the Board of Directors on July 1, 2016.

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

4. In accordance with a resolution of the 11th Ordinary General Meeting of Shareholders held on June 19, 2012, the annual limit of remuneration for Directors was determined to be 350 million yen (including 60 million yen for Outside Directors). Furthermore, separately from the Directors' remuneration, an annual limit of 100 million yen was set for stock options granted to Directors.

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

3. Liability limitation agreements

On the basis of the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with all Directors without executive authority over operations and Outside Audit & Supervisory Board Members for limitation of indemnity liability as provided in Article 423, Paragraph 1, of the Companies Act.

The amount of the liability limitation under the agreement is as provided by law.

3 Matters concerning Outside Company officers

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

Name	Concurrent posts, etc.
Yoji Ohashi	Outside Director, TV TOKYO Holdings Corporation There are no major business interests and other relationships between the Company and TV TOKYO Holdings Corporation.
Yuko Miyazaki	Attorney-at-law (Nagashima Ohno & Tsunematsu); Outside Audit & Supervisory Board Member, Oji Holdings Corporation There are no major business interests and other relationships between the Company and Nagashima Ohno & Tsunematsu or Oji Holdings Corporation
Shuji Ohashi	Certified Public Accountant and Management Consultant (Head of Shuji Ohashi Office); Outside Director, YOKOWO CO., LTD. There are no major business interests and other relationships between the Company and Shuji Ohashi Office or YOKOWO CO., LTD.
Yuri Okina	Vice Chairman of the Institute, The Japan Research Institute, Limited; Outside Director, Nippon Yusen Kabushiki Kaisha; Outside Director, Bridgestone Corporation There are no major business interests and other relationships between the Company and The Japan Research Institute, Limited, Nippon Yusen Kabushiki Kaisha or Bridgestone Corporation.
Naomi Ushio	Vice President (in charge of public relations), Meiji University; Outside Corporate Auditor, JX Holdings, Inc. There are no major business interests and other relationships between the Company and Meiji University or JX Holdings, Inc.
Kunihiro Matsuo	Attorney-at-law (Head of Kunihiro Matsuo Law Firm); Outside Corporate Auditor, Komatsu Ltd.; Outside Corporate Auditor, TV TOKYO Holdings Corporation There are no major business interests and other relationships between the Company and Kunihiro Matsuo Law Firm, Komatsu Ltd. or TV TOKYO Holdings Corporation.

Note: JX Holdings, Inc., at which Ms. Naomi Ushio concurrently holds a position, changed its company name to JXTG Holdings, Inc., as of April 1, 2017.

2. Contribution of Outside Company officers

Name	Appointment period	Attendance at meetings of the Board of Directors, etc., during fiscal 2016	Verbal input and other contributions at meetings of the Board of Directors, etc.
Yoji Ohashi	June 2008 to present	Attended 12 of 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Yuko Miyazaki	June 2012 to present	Attended 12 of 13 meetings of the Board of Directors	Contributed advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on her experience as an Attorney-at-law
Shuji Ohashi	June 2013 to present	Attended all 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a Certified Public Accountant and management consultant
Yuri Okina	Same as above	Attended 12 of 13 meetings of the Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as an expert and university professor in the field of corporate management and financial conditions
Naomi Ushio	June 2011 to present	Attended all 13 meetings of the Board of Directors Attended all 14 meetings of the Audit & Supervisory Board.	Contributed advice and opinions regarding management policy and company operations, drawing on her experience as a university professor
Kunihiro Matsuo	June 2013 to present	Attended 11 of 13 meetings of the Board of Directors Attended 12 of 14 meetings of the Audit & Supervisory Board.	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as an Attorney-at-law

3. Remuneration for Outside Company officers

(Unit: millions of yen)

	Number of persons	Remuneration from the bank	Remuneration from the bank's parent company and others
Total remuneration, etc.	7	55	—

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

4. Input from Outside Company officers

Not applicable

4 Matters concerning Company shares

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	1,191,528 thousand shares

2. Number of Shareholders as at the end of fiscal 2016 92,459

3. Major shareholders

Shareholder name	Shareholding in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	(thousand shares) 453,639	38.07
Ito-Yokado Co., Ltd.	46,961	3.94
York-Benimaru Co., Ltd.	45,000	3.77
Japan Trustee Services Bank, Ltd. (trust account)	26,038	2.18
The Master Trust Bank of Japan, Ltd. (trust account)	25,174	2.11
BBH FOR MATTHEWS ASIA DIVIDEND FUND	23,009	1.93
Sumitomo Mitsui Banking Corporation	15,000	1.25
The Dai-ichi Life Insurance Company, Limited	15,000	1.25
Japan Trustee Services Bank, Ltd. (trust account 5)	13,591	1.14
JP MORGAN CHASE BANK 385174	12,810	1.07

Notes: 1. In regard to the "Number of shares" above, less than 1,000 shares were rounded down.

2. The percentage of holdings above was calculated by excluding treasury stock (128 shares), and with the third decimal place rounded down.

3. The Report of Possession of Large Volume, which was made for public view as of September 26, 2016, states that FMR LLC held 48,373,297 shares (holding ratio: 4.06%) as of September 15, 2016. However, because the Company was unable to verify the actual number of shares held by the firm as of the end of fiscal 2016, the firm is not included in the list of major shareholders above.

4. Other important items concerning the Company shares

Not applicable

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

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

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., First Round-(1) Subscription rights to shares Issuance decided : June 18, 2008 Number of subscription rights to : 120 shares Number and type of shares to be acquired for : 120,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 13, 2008, to August 12, 2038 shares	3
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Second Round-(1) Subscription rights to shares Issuance decided : July 10, 2009 Number of subscription rights to : 133 shares Number and type of shares to be : 133,000 shares of common stock of the Company acquired for : (1,000 shares per subscription rights to share) Amount to be paid for exercising a : 1 yen subscription rights to share Exercise period for subscription rights to : From August 4, 2009, to August 3, 2039 shares	3
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

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

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Third Round-(1) Subscription rights to shares Issuance decided : July 9, 2010 Number of subscription rights to shares : 342 Number and type of shares to be acquired for : 342,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 10, 2010, to August 9, 2040)	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fourth Round-(1) Subscription rights to shares Issuance decided : July 1, 2011 Number of subscription rights to shares : 356 Number and type of shares to be acquired for : 356,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to shares : From August 9, 2011, to August 8, 2041	4
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

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

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fifth Round-(1) Subscription rights to shares Issuance decided : July 6, 2012 Number of subscription rights to : 299 shares Number and type of shares to be acquired for : 299,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to share : 1 yen Exercise period for subscription rights to : From August 7, 2012, to August 6, 2042 shares	5
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Fifth Round-(2) Subscription rights to shares Issuance decided : July 6, 2012 Number of subscription rights to : 10 shares Number and type of shares to be acquired for : 10,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 7, 2012, to August 6, 2042 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Sixth Round-(1) Subscription rights to shares Issuance decided : July 5, 2013 Number of subscription rights to : 179 shares Number and type of shares to be acquired for : 179,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 6, 2013, to August 5, 2043 shares	5
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Sixth Round-(2) Subscription rights to shares Issuance decided : July 5, 2013 Number of subscription rights to : 5 shares Number and type of shares to be acquired for : 5,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 6, 2013, to August 5, 2043 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Seventh Round-(1) Subscription rights to shares Issuance decided : July 4, 2014 Number of subscription rights to : 161 shares Number and type of shares to be acquired for : 161,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 5, 2014, to August 4, 2044 shares	5
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Seventh Round-(2) Subscription rights to shares Issuance decided : July 4, 2014 Number of subscription rights to : 5 shares Number and type of shares to be acquired for : 5,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 5, 2014, to August 4, 2044 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Eighth Round-(1) Subscription rights to shares Issuance decided : July 3, 2015 Number of subscription rights to : 115 shares Number and type of shares to be acquired for : 115,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 11, 2015, to August 10, 2045 shares	5
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Eighth Round-(2) Subscription rights to shares Issuance decided : July 3, 2015 Number of subscription rights to : 5 shares Number and type of shares to be acquired for : 5,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 11, 2015, to August 10, 2045 shares	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

	Outline of the subscription rights to shares, etc.	Number of persons who hold subscription rights to shares, etc.
Directors (Excluding outside company officers)	Name : Seven Bank, Ltd., Ninth Round-(1) Subscription rights to shares Issuance decided : July 1, 2016 Number of subscription rights to : 278 shares Number and type of shares to be acquired for : 278,000 shares of common stock of the Company (1,000 shares per subscription rights to share) Amount to be paid for exercising a subscription rights to : 1 yen share Exercise period for subscription rights to : From August 9, 2016, to August 8, 2046 shares	6
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

Notes: 1. The details of Seven Bank, Ltd. First Round – (1) Subscription rights to shares were partially amended by the resolution adopted by the Board of Directors' meeting held on July 18, 2008, and the table above shows the revised version
2. With regard to the Seven Bank, Ltd. First Round – (1) Subscription rights to shares to Fourth Round – (2) Subscription rights to shares, the number of shares to be acquired per subscription rights to share states the number of shares after adjustment for the 1,000-for-1 stock split for common stock that was conducted on December 1, 2011.

2. The Company's subscription rights to shares, etc., granted to employees, etc., during the fiscal year

	Outline of the subscription rights to shares, etc.	Number of persons who were allotted subscription rights to shares, etc.
Executive Officers	<p>Name : Seven Bank, Ltd., Ninth Round-(2) Subscription rights to shares</p> <p>Issuance decided : July 1, 2016</p> <p>Number of subscription rights to : 72 shares</p> <p>Number and type of shares to be acquired for : 72,000 shares of common stock of the Company (1,000 shares per subscription rights to share)</p> <p>Amount to be paid for exercising a subscription rights to : 1 yen share</p> <p>Exercise period for subscription rights to : From August 9, 2016, to August 8, 2046 shares</p>	9
Employees	—	—
Company officers and employees of the Company's subsidiaries, subsidiary corporations or entities	—	—

6 Matters concerning Accounting Auditors

1. Accounting Auditors

(Unit: millions of yen)

Company and individual names	Remuneration, etc., for the fiscal year	Others
KPMG AZSA LLC Designated Limited Liability Partners: CPA Hiroyuki Yamada CPA Hiroshi Umetsu	53	(Reason for the Company's Audit & Supervisory Board giving consent as to remuneration, etc., paid to the Accounting Auditors) Receiving the report on the Accounting Auditors' accounting audit plan for the current fiscal year and other documents, inspecting the previous year's audit performance by the accounting auditors and, based on its evaluation, the Company's Audit & Supervisory Board verified the adequacy of estimated hours and the amount paid for the audit duties. As a result, the board judged that the remuneration, etc., for the accounting auditors is appropriate, therefore it gave consent under Article 399, Paragraph 1, of the Companies Act.

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

2. In audit contracts between the Company and its Accounting Auditors, as no distinction is made, or can substantially be made, between the amounts paid for audit as accounting auditors' remuneration pursuant to the Companies Act and those pursuant to the Financial Instruments and Exchange Act, the amount noted as being paid as "Remuneration, etc., for the fiscal year" states the total of such amounts.
3. Total amount of money and other property benefits payable to the Accounting Auditors by the Company and its subsidiary corporations or entities: 53 million yen

2. Limitation of liability contracts

Not applicable.

3. Other matters concerning Accounting Auditors

A. Policies on the dismissal or refusal of reappointment of Accounting Auditors

In cases where circumstances concerning the Accounting Auditors correspond to grounds as specified by the items under Article 340, Paragraph 1, of the Companies Act, the Company's 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 Company's Audit & Supervisory Board may, in consideration of the work conducted by the Accounting Auditors and the Company's auditing structure, etc., make a proposal to the General Meeting of Shareholders that the Accounting Auditors not be reappointed in cases where they deem that a change of Accounting Auditors is necessary.

B. In the case of a large company as defined by Article 444, Paragraph 3, of the Companies Act, and where an audit (in accordance with the Companies Act or the Financial Instruments and Exchange Act, or equivalent laws in foreign jurisdictions) of financial documents (and their equivalents) of important subsidiary corporations or entities of the bank is conducted by the audit corporation (including a body with an equivalent qualification in a foreign jurisdiction), or an audit is conducted by a Certified Public Accountant (including a foreign CPA subject to CPA Law 16-2, Paragraph 5) other than the Accounting Auditors of the bank, details thereof:

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

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

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

8 System for ensuring the suitable maintenance of operations

It was resolved at a Board of Directors' meeting held on May 8, 2006, that the relevant steps would be taken to ensure the suitable maintenance of operations of the Company in accordance with Article 362, Paragraph 4, Item 6, of the Companies Act. In regard to this resolution, each fiscal year the Company undertakes a review of the progress made toward this end. An outline of the review follows:

- 1) System for ensuring that the execution of their duties by Directors is carried out in accordance with the law and the Articles of Incorporation
The Board of Directors has established a "Basic Policy on Compliance" and "Compliance Standards" for the implementation of compliance as regards management. The Directors regularly report to the Board of Directors on the current state of progress made on compliance initiatives.
- 2) System for the storage and control of information related to the execution by Directors of their duties
The information related to the execution by Directors of their duties is to be appropriately stored and controlled without fail, and prompt disclosure of the information is to be made in cases where there is a request made either by Directors or 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 Company's operational risk. The Directors regularly report to the Board of Directors about issues related to risk control.
- 4) System for ensuring the efficient execution of their duties by Directors
The Board of Directors aims to ensure its efficient operation by establishing "Rules for the Board of Directors" and by making provisions for important issues to be placed on its agenda and suitably reported. The Board of Directors has established the Executive Committee for the efficient determination of operational policy initiatives and introduced an executive officer system with the aim of achieving the smooth and efficient implementation of such initiatives.
- 5) System for ensuring that the execution of duties by employees is carried out in accordance with the law and the Articles of Incorporation
The Directors have established an appropriate compliance system based on the "Basic Policy on Compliance" and "Compliance Standards." The Directors bear ultimate responsibility for the creation of structures to ensure compliance in the execution of employees' duties, determination of policy, execution of such policies, verification of their implementation status and assessment of the policies.
- 6) Structure for the maintenance of the appropriateness of the Group's operations
The Directors and employees of the Company, as members of the Seven & i Holdings Group sharing the Group's management philosophy, are united in striving to promote a law-abiding attitude. With the aim of prioritizing the soundness of the Company's management, the Company has established a structure for independent management decision making while continuing to adhere to the arm's-length rule and other measures. To ensure the appropriateness of operations conducted by the Group consisting of the Company and its subsidiaries, the Board of Directors formulates the "Basic Policy to Manage Subsidiaries," and, based on such "Basic Policy to Manage Subsidiaries," Directors put a structure in place to manage subsidiaries appropriately.
- 7) Items concerning relevant employees in the case of requests from Audit & Supervisory Board Members for the deployment of the Company's employees to support the role of Audit & Supervisory Board Members
The Company 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 Company'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 Company shall ensure the appropriate number of employees dedicated to the Audit & Supervisory Board Members' Office and the authority to give instructions and orders to such employees shall belong to the Audit & Supervisory Board Members. Concerning the employees dedicated to the Audit & Supervisory Board Members' Office, the Officers in charge of the Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning personnel transfers, performance evaluations of the personnel and disciplinary actions. Moreover, the employees dedicated to the Audit & Supervisory Board Members' Office shall have an authority to investigate the appropriateness of duties and collect necessary information.

- 10) System for reports to the Company'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 department in charge of subsidiaries shall be installed inside the Company and such a department 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 department shall be reported by the department 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 Company 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.

14) Status of operation of the structure for the maintenance of the appropriateness of the Group's operations

a. Compliance system

The Company 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 four times, understanding compliance-related issues and discussing the measures to address such issues.

Furthermore, during the fiscal year under review, various kinds of training were conducted concerning "reinforcement of the stance for information management" as a priority issue under a compliance program of the Company.

b. Risk management system

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

c. 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 Company'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 Company'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 Company's business operation.

d. Group management structure

Regarding the subsidiaries' business plans that the Company approved, the Company 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 Company's Internal Audit Division regularly audits business operation of subsidiaries.

e. Execution of duties by the Audit & Supervisory Board Members

The Company'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 Company 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.

f. Ensuring the effectiveness of audits by the Audit & Supervisory Board Members

To support the role of the Audit & Supervisory Board Members, the Company 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 Company 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.

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 Company's management policy is the return of profits to shareholders; therefore, it is a key policy of the Company to strive to ensure that a stable dividend is continuously paid from reserves while taking into consideration the need to achieve a balance between ensuring an appropriate level of return of profits to shareholders and retained earnings. The Company's basic policy is the targeting of an annual minimum payout ratio of 35% and the payment of dividends twice (i.e., an interim dividend and a year-end dividend) during the fiscal year.

Balance Sheet
at the End of the 16th Term (as of March 31, 2017)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	685,766	Deposits	571,553
Cash	599,009	Ordinary deposits	336,023
Due from banks	86,757	Time deposits	235,402
Securities	102,533	Other deposits	127
Municipal bonds	29,003	Negotiable certificates of deposits	800
Bonds	45,947	Call money	10,000
Stocks	784	Borrowed money	10,000
Other securities	26,798	Borrowings	10,000
Loans receivable	19,829	Bonds	110,000
Current overdrafts	19,829	Other liabilities	53,299
Other assets	99,789	Income taxes payable	6,039
Prepaid expenses	706	Accrued expenses	5,180
Accrued income	8,816	ATM-related temporary advances	37,763
ATM-related temporary payments	89,259	Asset retirement obligations	353
Other	1,007	Other	3,963
Tangible fixed assets	24,159	Reserve for bonuses	388
Buildings	1,710	Total liabilities	756,042
ATMs	18,702	(Net assets)	
Other (tangible fixed assets)	3,745	Capital stock	30,572
Intangible fixed assets	22,745	Capital surplus	30,572
Software	18,992	Legal capital surplus	30,572
Software-related temporary accounts	3,748	Retained earnings	137,706
Other (intangible fixed assets)	4	Legal retained earnings	0
Prepaid pension cost	77	Other retained earnings	137,706
Deferred tax assets	775	Retained earnings brought forward	137,706
Allowance for losses	(30)	Treasury stock	(0)
		Total shareholders' equity	198,851
		Valuation difference on available-for-sale securities	217
		Total valuation and translation adjustments	217
		Subscription rights to shares	533
		Total net assets	199,602
Total assets	955,644	Total liabilities and net assets	955,644

Statement of Income
for the 16th Term (from April 1, 2016, to March 31, 2017)

(Unit: million yen)

Category	Amount	
Ordinary income		113,109
Interest income	2,822	
Interest on loans receivable	2,704	
Interest and dividends on securities	26	
Interest on call loans	2	
Interest on deposits with banks	89	
Fees and commissions income	109,830	
Remittance-related fee income	2,358	
ATM-related fee income	103,702	
Other fees and commissions income	3,769	
Other ordinary income	244	
Gains on foreign exchange transactions	244	
Other income	212	
Reversal of allowance for losses	34	
Other	178	
Ordinary expenses		74,198
Interest expenses	945	
Interest on deposits with banks	320	
Interest on negotiable certificates of deposits	0	
Interest on call money	(20)	
Interest on borrowings and rediscounts	96	
Interest on bonds	548	
Fees and commissions expenses	17,440	
Remittance-related fee expense	1,359	
ATM placement fee expenses	13,895	
ATM-related fee expenses	883	
Other fees and commissions expenses	1,301	
General and administrative expenses	55,752	
Other expenses	60	
Other expenses	60	
Ordinary profit		38,911
Extraordinary losses		143
Losses on disposal of noncurrent assets	143	
Income before income taxes		38,767
Income taxes - current	11,700	
Income taxes - deferred	194	
Total income taxes		11,895
Net income		26,871

Statement of Changes in Net Assets
for the 16th Term (from April 1, 2016, to March 31, 2017)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2016	30,514	30,514	30,514	0	121,258	121,258	(0)	182,286
Changes in items during the period								
Issuance of new shares	58	58	58	—	—	—	—	117
Dividends from surplus	—	—	—	—	(10,423)	(10,423)	—	(10,423)
Net income	—	—	—	—	26,871	26,871	—	26,871
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the period	58	58	58	—	16,448	16,448	—	16,565
Balance as of March 31, 2017	30,572	30,572	30,572	0	137,706	137,706	(0)	198,851

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2016	343	343	545	183,174
Changes in items during the period				
Issuance of new shares	—	—	—	117
Dividends from surplus	—	—	—	(10,423)
Net income	—	—	—	26,871
Net changes of items other than shareholders' equity	(126)	(126)	(11)	(137)
Total changes of items during the period	(126)	(126)	(11)	16,428
Balance as of March 31, 2017	217	217	533	199,602

Explanatory Notes

Amounts of less than one million yen have been discarded.

Significant accounting policies

1. Basis and methodology for the valuation of securities

As for valuation of securities, stocks of subsidiary firms and subsidiary corporations are stated at cost using the moving-average method and available-for-sale securities are stated, in principle, at their market values at the balance sheet date (realized gains or losses on sales of such securities are computed using primarily the moving-average method). Provided, however, that available-for-sale securities whose fair market value is deemed to be extremely difficult to identify are stated at cost using the moving-average method. Unrealized gains and losses on available-for-sale securities are reported as a separate component of net assets.

2. Method for calculating depreciation of fixed assets

(1) Tangible fixed assets

Depreciation of tangible fixed assets is calculated by the straight-line method.

Estimated useful lives of major items are as follows:

Buildings:	6–18 years
ATMs:	5 years
Others:	2–20 years

(2) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method. Software utilized by the Company 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 Company's internal standards for write-offs and provisions.

For credits to obligors classified as normal obligors or watch obligors, on the basis of expected loss ratios and other factors, and defined according to fixed categories, the allowance for losses is provided based on the Company's estimated rate of credit losses in accordance with the "Administrative guidelines concerning the self-assessment of assets, bad debt amortization and bad debt reserves for banks and other financial institutions" (Bank Audit Special Committee Report No. 4 issued on July 4, 2012, by The Japanese Institute of Certified Public Accountants (JICPA)). For credits to obligors classified as bankruptcy risk obligors, the allowance for losses is provided for estimated unrecoverable amounts determined after excluding the portion that is estimated to be recoverable due to available security interests and guarantees. For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for losses is provided in the full amounts of such credits, excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

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

(2) Reserve for bonuses

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

(3) Employees' severance and retirement benefits

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

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.
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For the fiscal year under review, as the projected plan assets exceeded the amount at which the projected benefit obligations were adjusted for the unrecognized prior service cost and the unrecognized actuarial differences, the excess was recorded as prepaid pension cost in the balance sheet.

5. Method of accounting for hedge transactions

Interest rate risk hedges

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

6. Consumption taxes

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

Additional information

The Company applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 issued on March 28, 2016) from the fiscal year under review.

Important notes

(Balance sheet)

1. Total amount of stocks (and capital stock) of subsidiaries and affiliates: 24,667 million yen
2. Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 64 million yen.

“Credits to bankrupt obligors” refers to loans receivable for which accrued interest was not declared on the grounds that there are no prospects for the collection or repayment of the principal or interest because the payment of the principal or interest has been continually in arrears for a considerable period of time or for other such reasons (excluding the written-off portion; hereinafter referred to as “loans with undeclared accrued interest”) that correspond to any of the situations referred to in (a) through (e) of Paragraph 1, Item 3 of Article 96 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) or the situation referred to in Paragraph 1, Item 4 of said Article.

“Loans in arrears” refers to loans with undeclared accrued interest other than credits to bankrupt obligors and loans for which an interest payment grace period has been granted for the purpose of reestablishing or assisting the business of the obligor.
3. Loans receivable do not include loans in arrears for three months or more.

“Loans in arrears for three months or more” refers to loans for which the payment of the principal or interest has been in arrears for three months or more counting from the day after the due date agreed upon, excluding credits to bankrupt obligors and loans in arrears.
4. Loans receivable do not include restructured loans.

“Restructured loans” refers to loans for which reduction of interest, interest payment grace period, principal repayment grace period, debt forgiveness or other such arrangements that are advantageous to the obligor have been made for the purpose of reestablishing or assisting the business of the obligor, excluding credits to bankrupt obligors, loans in arrears and loans in arrears for three months or more.
5. Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 65 million yen. The amounts of credits stated in Nos. 2 to 5 above are amounts prior to the deduction of the allowance for losses.
6. For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 74,940 million yen in available-for-sale securities have been provided. Also, 844 million yen in guarantees are included in Other Assets.
7. An overdraft agreement is an agreement to lend funds up to a certain limit if a financing request is received from a customer, unless there is any violation of the terms and conditions of the agreement. The unused balance of funds under such agreements is 8,065 million yen. This includes the unused balance of funds in the amount of 8,065 million yen under agreements in which the original term is one year or less.
8. Accumulated depreciation for tangible fixed assets 44,961 million yen
9. Total monetary claims on subsidiaries and affiliates 108 million yen
10. Total monetary liabilities payable to subsidiaries and affiliates 31,639 million yen

11. Restriction on dividends from retained earnings in accordance with Article 18 of the Banking Law

When paying a dividend from retained earnings, despite the provisions of the Companies Act Article 445, Paragraph 4 (amount of capital and amount of reserves), on payment of a dividend from retained earnings, one fifth of the amount by which retained earnings has been reduced is to be accounted as legal capital surplus or retained earnings.

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

(Statement of income)

Profit from trading with subsidiaries and affiliates	
Total income from fee transactions, etc.	937 million yen
Total income from other transactions and other ordinary transactions	50 million yen
Costs deriving from transactions with subsidiaries and affiliates	
Total costs deriving from fund raising transactions	0 million yen
Total costs deriving from fee transactions, etc.	12,681 million yen
Total costs deriving from other transactions	827 million yen

(Statement of changes in net assets)

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

(Unit: thousand shares)

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

(Securities)

1. Securities held for trading purposes (as of March 31, 2017)

Not applicable

2. Bonds held to maturity (as of March 31, 2017)

Not applicable

3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2017)

There are no shares in subsidiary firms, subsidiary corporations, affiliates and others that have market value.

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

	Balance sheet amount (million yen)
Stocks of subsidiary firms and subsidiary corporations	24,667
Total	24,667

These stocks do not have any market price, and their market value is deemed extremely difficult to identify; therefore, they are not included in the "Shares in subsidiary firms, subsidiary corporations, affiliates and others" above.

4. Other securities (as of March 31, 2017)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Stocks	540	151	388
	Bonds	39,412	39,404	8
	Municipal bonds	13,747	13,745	2
	Corporate bonds	25,664	25,659	5
	Subtotal	39,952	39,556	396
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds	35,538	35,551	(13)
	Municipal bonds	15,255	15,259	(3)
	Corporate bonds	20,282	20,292	(9)
	Subtotal	35,538	35,551	(13)
Total		75,490	75,108	382

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

Classification	Balance sheet amount (million yen)
Unlisted stocks	144
Investment in capital of partnership	2,231
Total	2,375

The above securities are not included in "Other Securities" above, since they do not have any market price, and their market value is deemed extremely difficult to identify.

5. Bonds held to maturity sold during the fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

6. Other securities sold during the fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

7. Changes in purpose of holding securities

Not applicable

8. Securities to which impairment is applied

Not applicable

(Money held in trust)

Not applicable

(Tax effect accounting)

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

Deferred tax assets:	(million yen)
Unpaid corporate tax	271
Excess depreciation charge	180
Stock options-related expenses	163
Reserve for bonuses	119
Asset retirement obligations	108
Accrued expenses (previously Provision for directors' retirement benefits)	45
Excess bad debt reserve	9
Other	33
Total deferred tax assets	931
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(95)
Adjustment to tangible fixed assets related to asset retirement obligations	(35)
Prepaid pension cost	(23)
Total deferred tax liabilities	(155)
Net deferred tax assets	775

(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 38.07%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	12,681	Accrued expenses (Note 2)	1,160

- Notes: 1. Conditions of transactions and method for determining conditions for transactions
The business terms and conditions and decision-making process related to ATM placement fee expenses comprehensively take into account the consideration for outsourcing of office work and Seven-Eleven Japan's total infrastructure costs.
2. Consumption tax and other taxes are not included in the transaction amount, but the end-of-term outstanding balance includes consumption tax and other taxes.

(2) Subsidiaries and related companies, etc.

None

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

None

(4) Directors and individual shareholders, etc.

None

2. Notes about parent company or important related companies

(1) Parent company information

Seven & i Holdings Co., Ltd. (listed on the First Section of Tokyo Stock Exchange)

(2) Summary financial information about important related companies

None

(Per share information)

Net assets per share	167.07 yen
Basic earnings per share	22.55 yen
Diluted earnings per share	22.51 yen

(Significant subsequent events)

None

Consolidated Balance Sheet
at the End of the 16th Term (as of March 31, 2017)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	694,588	Deposits	571,510
Securities	77,866	Negotiable certificates of deposits	800
Loans receivable	19,829	Call money	10,000
ATM-related temporary payments	89,286	Borrowed money	10,000
Other assets	15,064	Bonds	110,000
Tangible fixed assets	25,740	ATM-related temporary advances	37,763
Buildings	1,724	Other liabilities	16,992
ATMs	19,867	Reserve for bonuses	471
Other (tangible fixed assets)	4,148	Net defined benefit liability	1
Intangible fixed assets	34,473	Deferred tax liabilities	1,170
Software	19,424		
Other (intangible fixed assets)	15,049	Total liabilities	758,710
Net defined benefit asset	183	(Net assets)	
Deferred tax assets	790	Capital stock	30,572
Allowance for losses	(30)	Capital surplus	30,554
		Retained earnings	132,093
		Treasury stock	(0)
		Total shareholders' equity	193,221
		Valuation difference on available-for-sale securities	217
		Foreign currency translation adjustment	5,012
		Remeasurements of defined benefit plans	73
		Total accumulated other comprehensive income	5,303
		Subscription rights to shares	533
		Non-controlling interests	22
		Total net assets	199,081
Total assets	957,792	Total liabilities and net assets	957,792

Consolidated Statement of Income
for the 16th Term (from April 1, 2016, to March 31, 2017)

(Unit: million yen)

Category	Amount	
Ordinary income		121,608
Interest income	2,848	
Interest on loans receivable	2,704	
Interest and dividends on securities	26	
Interest on call loans	2	
Interest on deposits with banks	115	
Fees and commissions income	118,226	
Remittance-related fee income	2,358	
ATM-related fee income	112,051	
Other fees and commissions income	3,815	
Other ordinary income	249	
Other income	283	
Reversal of allowance for losses	34	
Other	248	
Ordinary expenses		84,897
Interest expenses	954	
Interest on deposits with banks	320	
Interest on negotiable certificates of deposits	0	
Interest on call money	(20)	
Interest on borrowings and rediscounts	105	
Interest on bonds	548	
Fees and commissions expenses	23,092	
Remittance-related fee expense	1,359	
ATM placement fee expenses	18,693	
ATM-related fee expenses	1,527	
Other fees and commissions expenses	1,511	
General and administrative expenses	60,781	
Other expenses	68	
Other expenses	68	
Ordinary profit		36,710
Extraordinary losses		167
Losses on disposal of noncurrent assets	167	
Income before income taxes		36,542
Income taxes - current	11,701	
Income taxes - deferred	(272)	
Total income taxes		11,429
Net income		25,113
Loss attributable to non-controlling shareholders		(1)
Profit attributable to owners of parent		25,114

Consolidated Statement of Changes in Net Assets
for the 16th Term (from April 1, 2016, to March 31, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	30,514	30,496	117,402	(0)	178,412
Changes in items during the period					
Issuance of new shares	58	58	—	—	117
Dividends from surplus	—	—	(10,423)	—	(10,423)
Profit attributable to owners of parent	—	—	25,114	—	25,114
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes in items during the period	58	58	14,691	—	14,808
Balance as of March 31, 2017	30,572	30,554	132,093	(0)	193,221

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2016	343	5,462	6	5,812	545	24	184,794
Changes in items during the period							
Issuance of new shares	—	—	—	—	—	—	117
Dividends from surplus	—	—	—	—	—	—	(10,423)
Profit attributable to owners of parent	—	—	—	—	—	—	25,114
Net changes in items other than shareholders' equity	(126)	(450)	67	(508)	(11)	(1)	(522)
Total changes in items during the period	(126)	(450)	67	(508)	(11)	(1)	14,286
Balance as of March 31, 2017	217	5,012	73	5,303	533	22	199,081

Explanatory Notes (Consolidated)

Amounts of less than one million yen have been discarded.

Basis of Presenting Consolidated Financial Statements

The definition of "subsidiary firms," "subsidiary corporations" and "affiliates and others" is as set forth in Article 2, Paragraph 8 of the Banking Law and Article 4-2 of the Order for Enforcement of the Banking Law.

1. Scope of consolidation

- (1) Number of consolidated subsidiary firms and subsidiary corporations: 4
Name of the subsidiary firm (corporation): FCTI, Inc., FCTI Canada, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL and Bank Business Factory Co., Ltd.
- (2) Unconsolidated subsidiary firms and subsidiary corporations:
Not applicable

2. Application of the equity method

Not applicable

3. Business years, etc., of the consolidated subsidiary firms and subsidiary corporations

- (1) Closing date for the settlement of accounts of the consolidated subsidiary firms and subsidiary corporations is as follows:
December 31: 3 companies
March 31: 1 company
- (2) In preparing the consolidated financial statements, the financial statements as of their respective balance sheet dates are used with regard to the consolidated subsidiary firms and subsidiary corporations. The financial statements of said companies are provided with necessary adjustments for consolidation purposes with regard to material transactions between the closing date (December 31) above and the consolidated closing date (March 31).

4. Amortization of goodwill

Goodwill is equally amortized using the straight-line method over a period of 10 years. However, if the amount is insignificant, the corresponding goodwill is recorded as an expense at the time of occurrence.

5. Accounting policies

- (1) Basis and methodology for the valuation of securities
As for valuation of securities, available-for-sale securities are stated, in principle, at their market values at the consolidated balance sheet date (realized gains or losses on sales of such securities are computed using primarily the moving-average method). Provided, however, that available-for-sale securities whose fair market value is deemed to be extremely difficult to identify are stated at cost using the moving-average method.
Valuation difference on available-for-sale securities are reported as a separate component of net assets.
- (2) Method for calculating depreciation of fixed assets
 - 1) Tangible fixed assets
Depreciation of tangible fixed assets of the Company is calculated by the straight-line method.
Estimated useful lives of major items are as follows:

Buildings:	6–18 years
ATMs:	5 years
Others:	2–20 years

Depreciation of the tangible fixed assets of the consolidated subsidiary firms and subsidiary corporations is calculated by the straight-line method over the estimated useful lives of the assets.
 - 2) Intangible fixed assets
Intangible fixed assets are amortized using the straight-line method. Software utilized by the Company and its consolidated subsidiary firms and subsidiary corporations is amortized over the period in which it is expected to be utilized (mainly five years).

(3) Provisioning standards

1) Allowance for losses

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

For credits to obligors classified as normal obligors or watch obligors, on the basis of expected loss ratios and other factors, and defined according to fixed categories, the allowance for losses is provided based on the Company's estimated rate of credit losses in accordance with the "Administrative guidelines concerning the self-assessment of assets, bad debt amortization and bad debt reserves for banks and other financial institutions" (Bank Audit Special Committee Report No. 4 issued on July 4, 2012, by The Japanese Institute of Certified Public Accountants (JICPA)). For credits to obligors classified as bankruptcy risk obligors, the allowance for losses is provided for estimated unrecoverable amounts determined after excluding the portion that is estimated to be recoverable due to available security interests and guarantees. For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for losses is provided in the full amounts of such credits, excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

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

2) Reserve for bonuses

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

(4) Accounting procedure regarding employees' retirement benefits

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

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

The Company's assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date.

Assets and liabilities denominated in foreign currencies of subsidiary firms and subsidiary corporations are translated into Japanese yen mainly at the exchange rate prevailing at their respective balance sheet dates.

(6) Important method of accounting for hedge transactions

Interest rate risk hedges

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

(7) Consumption taxes

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

Additional information

The “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 issued on March 28, 2016) was applied from the consolidated fiscal year under review.

Important notes

(Consolidated balance sheet)

- Among the loans receivable, credits to bankrupt obligors were 1 million yen, and loans in arrears were 64 million yen.
“Credits to bankrupt obligors” refers to loans receivable for which accrued interest was not declared on the grounds that there are no prospects for the collection or repayment of the principal or interest because the payment of the principal or interest has been continually in arrears for a considerable period of time or for other such reasons (excluding the written-off portion; hereinafter referred to as “loans with undeclared accrued interest”) that correspond to any of the situations referred to in (a) through (e) of Article 96 Paragraph 1, Item 3 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) or the situation referred to in Paragraph 1, Item 4 of the said Article.
“Loans in arrears” refers to loans with undeclared accrued interest other than credits to bankrupt obligors and loans for which an interest payment grace period has been granted for the purpose of reestablishing or assisting the business of the obligor.
- Loans receivable do not include loans in arrears for three months or more.
“Loans in arrears for three months or more” refers to loans for which the payment of the principal or interest has been in arrears for three months or more counting from the day after the due date agreed upon, excluding credits to bankrupt obligors and loans in arrears.
- Loans receivable do not include restructured loans.
“Restructured loans” refers to loans for which reduction of interest, interest payment grace period, principal repayment grace period, debt forgiveness or other such arrangements that are advantageous to the obligor have been made for the purpose of reestablishing or assisting the business of the obligor, excluding credits to bankrupt obligors, loans in arrears and loans in arrears for three months or more.
- Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 65 million yen. The amounts of credits stated in Nos. 1 to 4 above are amounts prior to the deduction of the allowance for losses.
- For the purposes of settlement and Bank of Japan current overdraft transactions, securities of 74,940 million yen in available-for-sale securities have been provided. Also, 905 million yen in guarantees are included in Other Assets.
- An overdraft agreement is an agreement to lend funds up to a certain limit if a financing request is received from a customer, unless there is any violation of the terms and conditions of the agreement. The unused balance of funds under such agreements is 8,065 million yen. This includes the unused balance of funds in the amount of 8,065 million yen under agreements in which the original term is one year or less.
- Accumulated depreciation for tangible fixed assets 46,970 million yen

(Consolidated statement of changes in net assets)

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

(Unit: thousand shares)

	Number of shares at the beginning of this consolidated fiscal year	Increase during this consolidated fiscal year	Decrease during this consolidated fiscal year	Number of shares at the end of this consolidated fiscal year	Remarks
Shares issued					
Common stock	1,191,001	527	—	1,191,528	(Note)
Total	1,191,001	527	—	1,191,528	
Treasury stock					
Common stock	0	—	—	0	
Total	0	—	—	0	

Note: 527 thousand shares increase of common stock resulted from the exercise of subscription rights to shares.

- Subscription rights to shares and treasury subscription rights to shares

Category	Details of subscription rights to shares	Type of shares acquired upon exercise of subscription rights to shares	Number of shares acquired upon exercise of subscription rights to shares (thousand shares)				Balance at the end of this consolidated fiscal year (million yen)	Remarks
			At the beginning of this consolidated fiscal year	Increase during this consolidated fiscal year	Decrease during this consolidated fiscal year	Number of shares at the end of this consolidated fiscal year		
Subscription rights to shares as stock options			—				533	
Total			—				533	

Note: There are no treasury subscription rights to shares.

3. The Company's dividend is as stated below:

(1) Dividends paid during this consolidated fiscal year

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
At the Board of Directors' meeting held on May 25, 2016	Common stock	5,359 million yen	4.50 yen	March 31, 2016	June 1, 2016
At the Board of Directors' meeting held on November 4, 2016	Common stock	5,063 million yen	4.25 yen	September 30, 2016	December 1, 2016

(2) Dividends with record dates within this consolidated fiscal year, and effective dates after March 31, 2017, 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 26, 2017	Common stock	5,659 million yen	Retained earnings	4.75 yen	March 31, 2017	June 1, 2017

(Financial instruments)

1. Matters concerning status of financial instruments

(1) Policy regarding the approach to financial instruments

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

Funds raised by the Company can be broadly divided into working capital such as cash to be placed in ATMs and funds for capital investment such as ATM/system-related investment. In consideration of interest rate trends and other such factors, the Company secures the source funds by such means as deposits, long-term borrowings and bond issuance, and raises funds from the call market to cover daily fluctuations in the amount of funds that need to be raised.

On the other hand, the Company's funds are invested mainly in the form of funds and securities operations as a limited end user, although it does operate a small loan business, etc. targeted at individuals. Investment targets are limited to Japanese government bonds and other securities with high creditworthiness and liquidity, as well as deposits at financial institutions with high creditworthiness, call loans, etc. The Company does not invest in risky financial derivatives, etc.

(2) Description and risk of financial instruments

The financial assets held by the Company are largely comprised of cash, primarily for facilitating its ATM business. Surplus funds are released in the form of call loans, which are exposed to the credit risk of the borrowers. Securities mainly consist of 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 foreign exchange fluctuation risks. Loans receivable are in the form of loan services targeted at individuals (revolving card loans) and are exposed to credit risks arising from the nonperformance of contract by customers; however, the risks are limited, as the receivables are secured in full.

The Company also operates a banking business. Deposits and negotiable certificates of deposits, which account for the majority of its financial liabilities, are exposed to interest rate fluctuation risks. The Company raises short-term funds by using call money as necessary; it is exposed to liquidity risks in that it might not be able to raise the necessary funds. Borrowings and bonds are exposed to liquidity risks in that the payment might not be executable on the due date such as in cases where the Company cannot use the market under certain situations. The Company also borrows funds at variable interest rates, which are exposed to interest rate fluctuation risks. Such risks are averted by executing interest rate swaps.

(3) Risk management framework for financial instruments

1) Credit risk management

The Company observes its basic policy for credit risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Credit Risk Rules. Credit risks are currently limited to the ATM settlement business, interbank deposits placed with top-rated partner financial institutions, etc., subject to asset-liability management (ALM), release of funds and temporary ATM payment amounts due, thereby curbing credit risks in operations. In addition, the Company performs self-assessment and establishes an allowance for write-offs in an appropriate manner, in accordance with its self-assessment standards, write-off allowance standards and self-assessment/write-off allowance rules.

Credit risks of issuers of securities and counterparty risks in derivative transactions are managed by the Risk Management Division by means of periodically identifying credit information and market value.

2) Market risk management

The Company observes its basic policy for market risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Market Risk Rules. The Market Risk Rules establish limits on the amount of funds at risk, market position limits and loss allowance limits. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors market risks on a daily basis in light of these limits and reports the results to the management including the Executive Committee. At the ALM Committee convened once a month, the Company's market risk position, expected trends in interest rates and other matters are reported and operation policies are determined.

Quantitative information concerning market risks

Because interest rate risks are key market risks to the Company, the Company measures the Value at Risk (VaR) of entire assets and liabilities of the Company. In measuring the VaR, the Company uses the Variance-Covariance Method (holding period: 125 days, confidence interval: 99.9%, data observation period: 1 year), and the Company's VaR (estimated loss amount) as of March 31, 2017, was a total of 4,753 million yen. Additionally, in light of our business attributes, an interest period has been recognized in terms of cash recorded under assets, which has been calculated as a 5-year zero coupon (average maturity: 2.5 years). In order to verify the validity of the model, the Company regularly performs back-testing by comparing the VaR calculated by the model and the actual gains (losses). However, since VaR calculates market risk at a certain probability that has been statistically calculated on the basis of past market fluctuations, it may not be able to capture risks that occur under market environments changing beyond our normal expectations.

3) Liquidity risk management

The Company observes its basic policy for liquidity risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Liquidity Risk Rules. The Liquidity Risk Rules establish limits regarding the cash gaps arising from differences between the duration of invested funds and those available to meet current cash needs. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to the management including the Executive Committee. The Company is well prepared in that it has formulated measures in advance on a scenario-by-scenario basis so that it can take company-wide action in a speedy and flexible manner when the cash flow situation becomes tight; therefore, concerns over ensuring liquidity of funds are deemed nonexistent.

(4) Supplementary explanation of matters concerning market value, etc., of financial instruments

The market value of financial instruments includes the value based on market price, in addition to reasonably calculated value in cases where the financial instrument has no market price. As certain assumptions, etc., are adopted when calculating the value of such financial instruments, the value may vary if different assumptions, etc., are adopted.

2. Matters concerning market value, etc., of financial instruments

The amount declared on the consolidated balance sheet, the market value and the difference between the two as at March 31, 2017, are as follows. In cases where it is deemed extremely difficult to identify the market value of unlisted stocks and other such financial instruments, the value is not included in the table below (refer to Note 2).

(Unit: million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and due from banks*	694,586	694,586	—
(2) Securities			
Other securities	75,490	75,490	—
(3) Loans receivable	19,829		
Allowance for losses*	(0)		
	19,828	19,828	—
(4) ATM-related temporary payments*	89,284	89,284	—
Total assets	879,191	879,191	—
(1) Deposits	571,510	572,023	512
(2) Negotiable certificates of deposits	800	800	—
(3) Call money	10,000	10,000	—
(4) Borrowed money	10,000	10,159	159
(5) Bonds	110,000	111,497	1,497
(6) ATM-related temporary advances	37,763	37,763	—
Total liabilities	740,074	742,243	2,169

* Allowance for losses for general accounts and allowance for losses for individual accounts corresponding to loans receivable have been deducted. Allowance for losses with respect to cash and due from banks and ATM temporary payments was insignificant and therefore directly deducted from the amount on the consolidated balance sheet.

Note 1: Calculation method of market value of financial instruments

Assets

(1) Cash and due from banks

The market value of due from banks with no maturity is approximately the same as the book value; therefore, the book value is stated as market value. The deposit term of due from banks with maturity is short (no more than one year) and the market value is approximately the same as the book value; therefore the book value is stated as market value.

(2) Securities

Bonds are stated at the price quoted on the exchange or the price presented by the corresponding financial institution. Notes on the securities by holding purpose are stated in the "(Securities)" section below.

(3) Loans receivable

The market value of variable interest-rate loans receivable is approximately the same as the book value, since they are short-term and reflect the market interest rate, unless the credit status of the borrower is substantially different after the execution of the loans; therefore, the book value is stated as market value. Fixed interest-rate loans receivable amounted to zero.

With respect to credits, etc., to bankrupt obligors, substantially bankrupt obligors and bankruptcy risk obligors, the market value is approximately the same as the amount on the consolidated balance sheet as at the consolidated fiscal year-end minus the current estimated amount of credit losses, since the estimated amount of credit losses is calculated based on the present value of estimated future cash flow or the expected collectable amount with the collateral and guarantee, etc.; therefore, the book value is stated as market value.

(4) ATM-related temporary payments

The pre-settlement period is short (no more than one year) and the market value is approximately the same as the book value; therefore, the book value is stated as market value.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposits

The market value of demand deposits is deemed as the amount payable presuming that the demand is made at the end of consolidated fiscal year (book value). The market value of time deposits is calculated by discounting the present value by future cash flow divided into categories of set periods. The discount rate applied is the rate used when accepting new deposits. The market value of deposits with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value.

(3) Call money

The contract period is short (no more than one year) and the market value is approximately the same as the book value, therefore the book value is stated as the market value.

(4) Borrowed money

As for borrowed money based on a fixed interest rate, the present value is calculated by discounting the sum of the principal and interest of such borrowed money (in the case of borrowed money subject to special accounting treatment for interest rate swaps, the sum of the principal and interest based on the rate of such interest rate swaps) divided into categories of set periods at the expected rate for similar borrowings. The market value of borrowed money with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value. Borrowed money based on variable interest rates amounted to zero.

(5) Bonds

The market value of bonds issued by the Company is stated at market price.

(6) ATM-related temporary advances

As the pre-settlement period is short (no more than one year), the market value is approximately the same as the book value; therefore, the book value is stated as the market value.

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

(Unit: million yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks*1	144
Investment in capital of partnership*2	2,231
Total	2,375

Notes:

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

*2 Investment in capital of partnership, of which the partnership's assets consist of elements such as unlisted stocks whose market value is deemed extremely difficult to identify, are excluded from the scope of disclosure.

Note 3: Amount of redemption scheduled for monetary claims and securities with maturity after end of consolidated fiscal year

(Unit: million yen)

	Within 1 year	Over 1 year but within 3 years	Over 3 years but within 5 years	Over 5 years but within 7 years	Over 7 years but within 10 years	Over 10 years
Due from banks*1	89,290	—	—	—	—	—
Securities						
Other securities with maturity	32,600	35,060	6,600	—	—	—
Municipal bonds	7,500	16,320	4,700	—	—	—
Bonds	25,100	18,740	1,900	—	—	—
Loans receivable*2	19,763	—	—	—	—	—
ATM-related temporary payments	89,286	—	—	—	—	—
Total	230,939	35,060	6,600	—	—	—

Notes:

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

*2 Loans receivable: The amount (65 million yen) of credits, etc., to bankrupt obligors, substantially bankrupt obligors or bankrupt risk obligors, for which redemption cannot be expected, is not included in loans receivable. Loans receivable are disclosed as "Within 1 year."

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

(Unit: million yen)

	Within 1 year	Over 1 year but within 3 years	Over 3 years but within 5 years	Over 5 years but within 7 years	Over 7 years but within 10 years	Over 10 years
Deposits*	466,095	68,298	37,116	—	—	—
Negotiable certificates of deposit	800	—	—	—	—	—
Call money	10,000	—	—	—	—	—
Borrowed money	—	10,000	—	—	—	—
Bonds	45,000	30,000	—	20,000	15,000	—
ATM-related temporary advances	37,763	—	—	—	—	—
Total	559,659	108,298	37,116	20,000	15,000	—

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

(Securities)

1. Securities held for trading purposes (as of March 31, 2017)

Not applicable

2. Bonds held to maturity (as of March 31, 2017)

Not applicable

3. Other securities (as of March 31, 2017)

	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	540	151	388
	Bonds	39,412	39,404	8
	Municipal bonds	13,747	13,745	2
	Corporate bonds	25,664	25,659	5
	Subtotal	39,952	39,556	396
Securities whose consolidated balance sheet amounts do not exceed acquisition costs	Bonds	35,538	35,551	(13)
	Municipal bonds	15,255	15,259	(3)
	Corporate bonds	20,282	20,292	(9)
	Subtotal	35,538	35,551	(13)
Total		75,490	75,108	382

4. Bonds held to maturity sold during the consolidated fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

5. Other securities sold during the consolidated fiscal year (from April 1, 2016, to March 31, 2017)
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.)

1. Account title and amount of expenses related to stock options
Operating expenses 105 million yen

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

(1) Detail of stock options

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	5 Directors of the Company	3 Executive Officers of the Company	4 Directors of the Company	5 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 184,000 shares	Common stock: 21,000 shares	Common stock: 171,000 shares	Common stock: 38,000 shares
Grant date	August 12, 2008	Same as at left.	August 3, 2009	Same as at left.
Condition for vesting	(Note 2)	(Note 3)	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 13, 2008– August 12, 2038	Same as at left.	August 4, 2009– August 3, 2039	Same as at left.

	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	5 Directors of the Company	4 Executive Officers of the Company	5 Directors of the Company	8 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 423,000 shares	Common stock: 51,000 shares	Common stock: 440,000 shares	Common stock: 118,000 shares
Grant date	August 9, 2010	Same as at left.	August 8, 2011	Same as at left.
Condition for vesting	(Note 2)	(Note 3)	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 10, 2010– August 9, 2040	Same as at left.	August 9, 2011– August 8, 2041	Same as at left.

	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Company	7 Executive Officers of the Company	6 Directors of the Company	7 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 363,000 shares	Common stock: 77,000 shares	Common stock: 216,000 shares	Common stock: 43,000 shares
Grant date	August 6, 2012	Same as at left.	August 5, 2013	Same as at left.
Condition for vesting	(Note 2)	(Note 3)	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 7, 2012– August 6, 2042	Same as at left.	August 6, 2013– August 5, 2043	Same as at left.

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Company	8 Executive Officers of the Company	6 Directors of the Company	9 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 193,000 shares	Common stock: 44,000 shares	Common stock: 138,000 shares	Common stock: 39,000 shares
Grant date	August 4, 2014	Same as at left.	August 10, 2015	Same as at left.
Condition for vesting	(Note 2)	(Note 3)	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.	Same as at left.	Same as at left.
Exercise period	August 5, 2014– August 4, 2044	Same as at left.	August 11, 2015– August 10, 2045	Same as at left.

	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Title and number of grantees	6 Directors of the Company	9 Executive Officers of the Company
Number of stock options by type of stock (Note 1)	Common stock: 278,000 shares	Common stock: 72,000 shares
Grant date	August 8, 2016	Same as at left.
Condition for vesting	(Note 2)	(Note 3)
Requisite service period	Not specified.	Same as at left.
Exercise period	August 9, 2016– August 8, 2046	Same as at left.

Notes:

1. The number of stock options is stated as converted into number of shares. As of December 1, 2011, the Company conducted a 1,000-for-one stock split for its common stock; therefore, the number of converted shares was adjusted for the "Number of shares acquired upon exercise of subscription rights to shares" with regard to the above First Round – (1) Subscription rights to shares through the Fourth Round – (2) Subscription rights to shares to reflect the stock split.
2. Holders of subscription rights to shares may only exercise their subscription rights to shares within 10 days of the date following the day on which the holder's position as Director is forfeited.
3. Holders of subscription rights to shares may only exercise their subscription rights to shares within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).

(2) Scale of and changes in stock options and subsequent adjustments

The following includes stock options existing during the consolidated fiscal year ended March 31, 2017 (fiscal year 2016), and the number of stock options is stated as converted into number of shares.

(Number of stock options)

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Post vesting (shares)				
At end of previous consolidated fiscal year	157,000	7,000	171,000	16,000
Granted	—	—	—	—
Exercised	37,000	7,000	38,000	7,000
Forfeited	—	—	—	—
Outstanding	120,000	—	133,000	9,000

	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Post vesting (shares)				
At end of previous consolidated fiscal year	423,000	13,000	440,000	90,000
Granted	—	—	—	—
Exercised	81,000	13,000	84,000	35,000
Forfeited	—	—	—	—
Outstanding	342,000	—	356,000	55,000

	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Post vesting (shares)				
At end of previous consolidated fiscal year	363,000	67,000	216,000	34,000
Granted	—	—	—	—
Exercised	64,000	27,000	37,000	14,000
Forfeited	—	—	—	—
Outstanding	299,000	40,000	179,000	20,000

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)				
At end of previous consolidated fiscal year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Post vesting (shares)				
At end of previous consolidated fiscal year	193,000	44,000	138,000	39,000
Granted	—	—	—	—
Exercised	32,000	16,000	23,000	12,000
Forfeited	—	—	—	—
Outstanding	161,000	28,000	115,000	27,000

	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Prior to vesting (shares)		
At end of previous consolidated fiscal year	—	—
Granted	278,000	72,000
Forfeited	—	—
Vested	278,000	72,000
Outstanding	—	—
Post vesting (shares)		
At end of previous consolidated fiscal year	—	—
Granted	278,000	72,000
Exercised	—	—
Forfeited	—	—
Outstanding	278,000	72,000

(Unit price information)

	First Round – (1) Subscription rights to shares (Stock compensation- type stock options)	First Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Second Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share
Fair value valuation price when granted	236,480 yen per subscription rights to share	236,480 yen per subscription rights to share	221,862 yen per subscription rights to share	221,862 yen per subscription rights to share

	Third Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Third Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fourth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share
Fair value valuation price when granted	139,824 yen per subscription rights to share	139,824 yen per subscription rights to share	127,950 yen per subscription rights to share	127,950 yen per subscription rights to share

	Fifth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Fifth Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Sixth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share
Fair value valuation price when granted	175,000 yen per subscription rights to share	175,000 yen per subscription rights to share	312,000 yen per subscription rights to share	312,000 yen per subscription rights to share

	Seventh Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Seventh Round – (2) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Eighth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share	336,000 yen per subscription rights to share	483,000 yen per subscription rights to share
Fair value valuation price when granted	370,000 yen per subscription rights to share	370,000 yen per subscription rights to share	537,000 yen per subscription rights to share	537,000 yen per subscription rights to share

	Ninth Round – (1) Subscription rights to shares (Stock compensation- type stock options)	Ninth Round – (2) Subscription rights to shares (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share
Average price when exercised	—	—
Fair value valuation price when granted	302,000 yen per subscription rights to share	302,000 yen per subscription rights to share

Note: The number of shares to be acquired upon exercise of one (1) subscription rights to share shall be one thousand (1,000) shares of common stock of the Company. As of December 1, 2011, the Company conducted a 1,000-for-one stock split for its common stock; therefore, exercise prices were adjusted for the "Number of shares acquired upon exercise of subscription rights to shares" with regard to the above First Round – (1) Subscription rights to shares through the Fourth Round – (2) Subscription rights to shares to reflect the stock split. In addition, average stock price at exercise represents the average price of the Company's stocks at the time when stock options were exercised.

3. Calculation method employed to establish the fair value valuation price for stock options granted during the term

The method employed for calculating the fairly evaluated unit value for the Ninth Round – (1) and Ninth Round – (2) Subscription rights to shares granted during this consolidated fiscal year is as follows.

(1) Valuation method employed: Black-Scholes model

(2) Key parameters used in the option-pricing model

	Ninth Round – (1) Subscription rights to shares (Stock compensation-type stock options)	Ninth Round – (2) Subscription rights to shares (Stock compensation-type stock options)
Expected volatility (Note 1)	30.354%	30.354%
Average expected life (Note 2)	7.69 years	7.69 years
Expected dividends (Note 3)	8.5 yen per share	8.5 yen per share
Risk-free interest rate (Note 4)	(0.187%)	(0.187%)

Notes: 1. Calculated on the basis of actual share prices of the Company's stock for the seven-year and eight-month period from November 29, 2008, to August 8, 2016.

2. For Directors and staff currently employed by the Company, the assumption is made that the stock options will be exercised on a future date calculated by adding a 10-day period, in which the rights may be exercised, to the average period in days from June 2016 until the retirement dates of all such Directors and staff.

3. Expected dividends are based on actual dividend amounts as of the date of grant.

4. The risk-free rate employed is the yield of the Japan Government Bond with a period to maturity currently corresponding to the forecast period used in the calculation.

4. Method for calculating the number of stock options vested

Only the actual number of forfeited stock options is reflected because of the difficulty of accurately estimating the actual number of stock options that will be forfeited in the future.

(Per share information)

Net assets per share	166.61 yen
Profit attributable to owners of parent per share	21.07 yen
Diluted profit attributable to owners of parent per share	21.04 yen

(Significant subsequent events)

None

Independent Auditor's Report

May 19, 2017

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Umetsu (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the explanatory notes, and the supplementary schedules of Seven Bank, Ltd. as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 19, 2017

The Board of Directors
Seven Bank, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Umetsu (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the explanatory notes (consolidated) of Seven Bank, Ltd. as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report
(English Translation)

Regarding the performance of duties by the Directors for the 16th fiscal year from April 1, 2016, to March 31, 2017, 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, 2017, communicated with Directors, the internal audit department, 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 Notes to Explanatory Notes) and the accompanying supplementary schedules, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Explanatory Notes (Consolidated)) pertaining to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the Business Report and the accompanying supplementary schedules are in accordance with the related laws, regulations and the Articles of Incorporation, and fairly present the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system, including the internal control over financial reporting.

(2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

May 26, 2017

Audit & Supervisory Board, Seven Bank, Ltd.

Full-time Audit & Supervisory Board Member

Toshiaki Ikeda (seal)

Full-time Audit & Supervisory Board Member

Isamu Hirai (seal)

Outside Audit & Supervisory Board Member

Naomi Ushio (seal)

Outside Audit & Supervisory Board Member

Kunihiro Matsuo (seal)