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Corporate Governance Report

Last Update: November 28, 2019

Seven Bank, Ltd.

Yasuaki Funatake

President and Representative Director

Contact: 03-3211-3041

Securities Code: 8410

The following summarizes matters related to the corporate governance of Seven Bank, Ltd. (the “Bank”).

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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

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

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

<URL of the page regarding corporate governance>

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

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

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Bank hereby explains the reasons for non-compliance with the principles of the Corporate Governance Code.

[Basic Principle 5-2: Policies on Management Decisions, Investment Strategies, and Financial Management, etc.]

As the ATM platform business accounts for the majority of the Bank’s business, management resources are allocated to this business and related business fields while investing in new growth fields for business diversification. However, there are many uncertain elements in the future, and the Bank is at the stage of exploring appropriate criteria for judgment, and considers presenting them in an easy-to-understand and appropriate manner.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4: Strategic Shareholdings]

1. We make it a basic policy not to hold the shares of other companies as strategic shareholdings unless those holdings are considered meaningful. We consider strategic shareholdings meaningful if they are judged to contribute to the preservation and enhancement of corporate value of the issuing business partner and the Bank based on the results of studies on their profitability and other factors both current and projected. We make it a policy to dispose of or reduce strategic shareholdings that, as a result of these investigations and studies, are judged to have become less meaningful or no longer meaningful, as promptly as possible.
2. We regularly conduct thorough investigations into the appropriateness of the objectives of the holdings, whether or not the benefits and risks of the holdings are commensurate with the capital cost, and other matters concerning each stock of strategic shareholdings at meetings of the Board of Directors, and study the appropriateness of the holdings and disclose the details of the studies. We make it a policy to dispose of or reduce strategic shareholdings that, as a result of these investigations and studies, are judged to have become less meaningful or no longer meaningful, as promptly as possible.
3. The Bank exercises its voting rights relating to strategic shareholdings upon comprehensive consideration of whether an issuer makes appropriate decisions to improve its corporate value over the medium to long term through appropriate corporate governance systems, as well as possible effects on enhancing our own corporate value. In particular, when considering proposals that are judged to have a serious impact on the execution of the Bank's operations, whether to vote for or against the proposals at General Meetings of Shareholders is considered through dialogue with the issuers and studies conducted by the department in charge.
4. In the event that a company holding the Bank's shares as strategic shareholdings indicates its intention to sell those shares, the Bank takes appropriate measures without doing anything that would prevent the sale, such as suggesting a reduction in transactions.
5. The Bank does not conduct any transactions with strategic shareholders that would harm the common interests of the company and shareholders, such as continuing transactions without sufficiently studying the economic rationality of such transactions.

(Excerpt from Article 8 of our Corporate Governance Guidelines)

[Results of Studies]

The results of studies on strategic shareholdings by the Board of Directors for fiscal 2018 are as follows.

With regard to the shares of SOHGO SECURITY SERVICES CO., LTD., we confirmed the status of measures implemented relating to operations with the Bank and whether the benefits and risks of the holdings are commensurate with the capital cost, and judged that the holdings are meaningful in order to maintain and strengthen the business relationship.

[Principle 1-7: Related Party Transactions]

1. To protect the interests of shareholders, we are taking measures to prevent any related party of the Bank, such as an officer, from conducting transactions that would harm the interests of shareholders by taking advantage of its position.
2. Any significant or extraordinary transaction with the Bank's Directors, Audit & Supervisory Board Members and/or major shareholders requires the approval of the Board of Directors.

(Excerpt from Article 7 of our Corporate Governance Guidelines)

[Principle 2-6: Asset Owner]

Management of the Bank's corporate pension funds is carried out by Seven & i Holdings Corporate Pension Fund (hereinafter, "Corporate Pension Fund").

1. Structure of the Corporate Pension Fund

The Board of Delegates, which is the decision-making body for the Corporate Pension Fund, comprises an equal number of selected delegates (company) and elected delegates (employees). The Board confirms the status of asset management twice a year and passes resolutions on management policies for the managed portfolios as required, while the Board of Governors, which is the executive body, executes operations in accordance with the management policies.

Furthermore, as an advisory organization to the Chairman of the Board of Governors, the Pension Management and Finance Committee comprises members affiliated with the finance and accounting departments, etc. of Seven & i Holdings (hereinafter, the "Group") and conducts monitoring activities every two months based on specialized knowledge.

In addition, the Secretariat is staffed with personnel with knowledge in finance and human resources, enabling it to execute highly specialized management, including the monitoring of management institutions.

2. Management of the Corporate Pension Fund

The Corporate Pension Fund confirms that all domestic equity management institutions have accepted the Stewardship Code.

The Fund also monitors the equity management institutions' engagement with investee companies and the implementation status of the exercise of voting rights, and in doing so, verifies matters such as specific examples of stewardship activities. Furthermore, the Fund shares information on the status of these activities and the results of fund management with employees through Group magazines and other means.

Any conflicts of interest are appropriately managed through the selection of individual investee companies and the conclusion of contracts entrusting the exercise of voting rights to management institutions.

[Principle 3-1: Full Disclosure]

<1> The Bank's ideals (Management Ethos), management strategies and management plans

The Bank's Management Ethos, management strategies and management plans are disclosed on its website and through such tools as documents for the presentation of financial results and Integrated Reports.

<2> Basic views on and policies for corporate governance

Please refer to "I.1 Basic Views" in this report.

<3> Policies and procedures for the Board of Directors to determine compensation etc. for the top management and Directors

<<Establishment of Nomination & Compensation Committee>>

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

(Excerpt from Article 23 of our Corporate Governance Guidelines)

[Policies and procedures for determining compensation, etc., for Directors and Audit & Supervisory Board Members]

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

(Excerpt from Article 24 of our Corporate Governance Guidelines)

<4> Policies and procedures for the Board of Directors to appoint or remove top management and nominate candidates for Director and candidates for Audit & Supervisory Board Member

<<Criteria for appointing or removing top management>>

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

<<Criteria for selecting candidates for Director>>

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

(Excerpt from Article 18 of our Corporate Governance Guidelines)

<<Criteria for selecting candidates for Audit & Supervisory Board Member>>

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

(Excerpt from Article 20 of our Corporate Governance Guidelines)

<5> Description of the reasons for the Board of Directors to appoint or remove top management and nominate candidates for Director and candidates for Audit & Supervisory Board Member in accordance with the policies and procedures described in <4> above.

Appointments and removals by the Bank of top management are disclosed on the Bank's website and on the Timely Disclosure network (hereinafter, the "TD net").

The reasons for the Board of Directors to nominate candidates for Director and candidates for Audit & Supervisory Board Member are described in the Reference Materials for General Meeting of Shareholders and disclosed on the Bank's website. The career history of each candidate for Director and candidate for Audit & Supervisory Board Member is disclosed in the Notification of General Shareholder Meeting.

[Supplementary Principle 4-1 (1): Scope of Authority Delegated to the Management Team]

The Bank has a Board of Directors as a decision-making and supervising body for management and an Executive Committee as a structure that executes business operations based on the decisions and delegations made by the Board of Directors.

Under the Board of Directors is established the Executive Committee as a deliberative body concerned with operational implementation within the scope delegated by the Board of Directors. The Executive Committee meets to deliberate on the formulation or amendment of business plans; the acquisition and disposal of assets; credit provision-related issues; the payment of debts and expenses; credit management issues; rewards and sanctions for employees; issues related to employees' working conditions and benefits; the establishment, change and abolition of elements of the organization; and the formation, revision and elimination of rules and policies, in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. The Executive Committee comprises Executive Officers and others as nominated by the Board of Directors.

(Excerpt from Article 14, Paragraph 4 of our Corporate Governance Guidelines)

[Principle 4-9: Independence Standards and Qualification for Independent Outside Directors]

The Bank's Independence Standards for Outside Officers are as follows.

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

[Supplementary Principle 4-11 (1): Diversity and Size of the Board of Directors and Policies and Procedures for the Appointment of Directors]

The Bank makes it a policy to ensure diverse backgrounds in the areas of the expertise and experience of the Directors on the Board of Directors and to maintain an appropriate number that enables the most effective and efficient delivery of its functions (not exceeding 11 as stipulated by the Articles of Incorporation).

(Excerpt from Article 14, Paragraph 3 of our Corporate Governance Guidelines)

[Supplementary Principle 4-11 (2): Status of Concurrent Positions of Directors and Audit & Supervisory Board Members]

The status of concurrent positions of Directors and Audit & Supervisory Board Members is described and disclosed in the securities report for the fiscal year under review.

[Supplementary Principle 4-11 (3): Analysis and Evaluation of Effectiveness of the Board of Directors]

- The Bank has been conducting an evaluation of the effectiveness of the Board of Directors annually since fiscal 2015.

- Concerning the effectiveness of the Board of Directors for fiscal 2018, the Bank conducted a questionnaire for Directors and Audit & Supervisory Board Members and based on a summary of the results, discussion and evaluation occurred at the Board of Directors meetings. The results of the evaluation are described below.

1. The Board of Directors meetings include Outside Directors, thereby collectively possessing diverse knowledge, experience and capabilities. Though active discussions among Directors and Audit &

Supervisory Board Members, the Board of Directors has been fully functioning both in decision making and supervision, thereby ensuring the effectiveness of the Board of Directors as a whole.

2. At the same time, given the dramatic changes in the business environment surrounding the Bank, discussions will be deepened by devising the content and methods of information provided by the Executive Officers in response to the following issues.
 - (1) Examining growth strategies and new business domains from a medium-to long-term perspective
 - (2) Cooperation with Seven & i Holdings' financial strategies

[Supplementary Principle 4-14 (2): Support Systems and Training Policies for Directors and Audit & Supervisory Board Members]

The Bank's support systems and training policies for its Directors and Audit & Supervisory Board Members are as follows.

1. Provide necessary and sufficient internal systems for enabling Directors and Audit & Supervisory Board Members to fulfill their roles and responsibilities in an effective manner.
2. Provide Directors and Audit & Supervisory Board Members with necessary opportunities to enable them to fulfill their roles, such as by providing the information and knowledge relating to the business activities that would be necessary to supervise corporate management when they take office and continually thereafter.
3. Build systems for sharing a sufficient amount of the Bank's internal information with Outside Officers.
4. Encourage outside officers to deepen their understanding of the Bank's Management Ethos and corporate culture, while providing information on the Bank's business environment and other issues on a continuous basis.
5. Maintain and improve the environment for Outside Officers to mutually share information and exchange ideas, such as by holding periodic meetings with Executive Officers and/or other Non-Executive Officers.
6. Bear the expenses for outside officers to fulfill their roles.

(Excerpt from Article 25 of our Corporate Governance Guidelines)

[Principle 5-1: Policies for Systems and Measures to Promote Constructive Dialogues with Shareholders]

1. The Bank holds constructive dialogues with its shareholders within a range and using a method that is deemed appropriate by the Bank to contribute to the sustainable growth of the Bank and the medium- to long-term enhancement of its corporate value.
2. Policies for systems and measures to promote constructive dialogues with shareholders are as follows.
 - (1) Dialogues with shareholders in general shall be supervised by the officer in charge of the Planning Division. When having a dialogue with shareholders, the related departments shall appropriately exchange information and cooperate with each other, led by the Planning Division.
 - (2) A dialogue with shareholders shall be handled by a Director or an equivalent person within a reasonable range.
 - (3) Briefings for investors are held periodically to expand the range of means for dialogue with shareholders.
 - (4) Opinions, etc., of shareholders obtained through dialogues therewith shall be reported to a Director or an equivalent person periodically.
 - (5) A dialogue with shareholders shall be carried out in accordance with the relevant internal regulations, while handling insider information in an appropriate manner.
3. To promote constructive dialogues with shareholders, the composition of the Bank's shareholders is confirmed periodically.
4. When formulating and announcing a management plan, the content of the plan, including a review of the business portfolio and detailed information on what will be implemented in terms of the allocation of management resources, including capital investment, R&D investment and human resource investment, shall be described in concrete terms by clarifying basic policies on profit planning and capital policy and targets for earning power, capital efficiency and others, after accurately ascertaining the Bank's capital cost in order to achieve this.

(Excerpt from Article 26 of our Corporate Governance Guidelines)

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
Seven-Eleven Japan Co., Ltd.	453,639,000	38.47
Ito-Yokado Co., Ltd.	46,961,000	3.98
York-Benimaru Co., Ltd.	45,000,000	3.81
The Master Trust Bank of Japan, Ltd. (trust account)	37,568,700	3.18
Japan Trustee Services Bank, Ltd. (trust account)	34,349,800	2.91
Sumitomo Mitsui Banking Corporation	15,000,000	1.27
The Dai-ichi Life Insurance Company, Limited	15,000,000	1.27
STATE STREET CLIENT OMNIBUS ACCOUNT OM44	14,493,998	1.22
Japan Trustee Services Bank, Ltd. (trust account 9)	13,993,000	1.18
Japan Trustee Services Bank, Ltd. (trust account 5)	13,258,300	1.12

Controlling Shareholder (excluding the Parent Company)	—
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Parent Company	Seven & i Holdings Co., Ltd.
Exchange in which Parent Company is Listed	Tokyo Stock Exchange

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	First Section of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Banking
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 500 to less than 1,000
Sales (consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Guidelines on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder

Seven & i Holdings Co., Ltd. is the Bank's parent company indirectly holding 46.27% of its voting rights, therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. However, the Bank conducts its business activities independently based on its own evaluations and decisions in all respects, including business strategies and personnel and capital policies. From the perspective of minority shareholder protection, the Bank adopts Independent Outside Directors and Outside Audit & Supervisory Board Members who have no conflicts of interest with general shareholders. (As of the update of this Report, the Bank had six such Independent Officers.)

5. Other Special Circumstances That Could Have a Material Impact on Corporate Governance

In consideration of the services related to the installation and maintenance of ATMs, the Bank pays ATM placement fee expenses to Group companies. The terms and conditions of such payments are determined upon comprehensive consideration of whether the payments are a consideration for the services provided and the expenses for maintaining the infrastructure borne by each such company, while comparing them with the payment terms for cases where ATMs are installed at places other than the Group to ensure a reasonable level of payment.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	11
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	10
Appointment Status of Outside Directors	Appointed
Number of Outside Directors	4
Number of Outside Directors Designated as Independent Officers	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Makoto Kigawa	From another company								○			
Toshihiko Itami	Attorney-at-law											
Koichi Fukuo	From another company											
Yukiko Kuroda	From another company											

*Categories for "Relationship with the Company"

*"○" when the Director presently falls under or recently has fallen under the category; "△" when the Director fell under the category in the past

*"●" when a close relative of the Director presently falls under or recently has fallen under the category; "▲" when a close relative of the Director fell under the category in the past

- Executive of the Bank or its subsidiary
- Non-Executive Director or Executive of a parent company of the Bank
- Executive of a fellow subsidiary of the Bank
- A party for which the major client or supplier is the Bank or an Executive thereof
- Major client or supplier of the Bank or an Executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides officers' compensation
- Major shareholder of the Bank (or an Executive thereof if the shareholder is a legal entity)
- Executive of a client or supplier of the Bank (which does not correspond to any of d, e or f) (the Director himself/herself only)
- Executive of a company, between which the Bank mutually appoints outside officers (the Director himself/herself only)
- Executive of a company or organization that receives a donation from the Bank (the Director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Makoto Kigawa	○	<p>Mr. Makoto Kigawa concurrently holds office as Director of YAMATO HOLDINGS CO., LTD. The Bank and its subsidiaries pay delivery fees, etc., to YAMATO HOLDINGS' subsidiaries. However, the amount of such payments is less than 0.1% of Ordinary expenses for the Bank's most recent consolidated business year. Also, the Bank's subsidiaries receive payments for system usage fees, etc., from the YAMATO HOLDINGS' subsidiaries, the amount of which is less than 0.1% of the Ordinary income of the Bank. Therefore, we consider that these transactions will not have an impact on independence.</p> <p>[Major Concurrent Positions] Director, YAMATO HOLDINGS CO., LTD. Outside Director, Komatsu Ltd.</p>	Mr. Makoto Kigawa's experience and insight as a manager at YAMATO HOLDINGS CO., LTD., etc., has genuinely contributed to the Bank's management. Mr. Makoto Kigawa does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Toshihiko Itami	○	<p>[Major Concurrent Positions] Attorney-at-law (Nagashima Ohno & Tsunematsu) Outside Director, TODA CORPORATION</p>	Mr. Toshihiko Itami's insight on corporate legal affairs nurtured for many years through his career as a prosecutor has genuinely contributed to the Bank's management. Mr. Toshihiko Itami does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Koichi Fukuo	○	—	Mr. Koichi Fukuo's experience and insight as a manager at Honda Motor Co., Ltd., etc., has genuinely contributed to the Bank's management. Mr. Koichi Fukuo does not have any special attributes and/or relations with the Bank that would disqualify him as an independent officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.

Yukiko Kuroda	○	<p>[Major Concurrent Positions]</p> <p>Director/Founder, People Focus Consulting Co., Ltd.</p> <p>Outside Director, CAC Holdings Corporation</p> <p>Outside Member of the Board, Mitsui Chemicals, Inc.</p> <p>Outside Director, TERUMO CORPORATION</p>	<p>Ms. Yukiko Kuroda's experience as a corporate manager and insight related to the development of human resources who can handle global business has genuinely contributed to the Bank's management. Ms. Yukiko Kuroda does not have any special attributes and/or relations with the Bank that would disqualify her as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and she is therefore designated as an Independent Officer.</p>
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Establishment of Voluntary Committee(s) Corresponding to the Nomination Committee or the Remuneration Committee	Established
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Committee's Name, Composition and Attributes of Chairperson

	Committee Corresponding to the Nomination Committee	Committee Corresponding to the Remuneration Committee
Committee Name	Nomination & Compensation Committee	Nomination & Compensation Committee
All Committee Members	4	4
Full-Time Members	0	0
Inside Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Nomination & Compensation Committee, which is chaired by an Independent Outside Director, consists of four Directors, including two Independent Outside Directors and two Representative Directors, with a view to ensure appropriate involvement and advice from Independent Outside Directors. All decisions of the committee meeting shall be made by a majority of the members present when the meeting is attended by more than half of the members. In case of a tie vote, the matter shall be decided by the chairperson. A member cannot exercise his or her voting right for a decision regarding the person himself or herself. In such case, the voting right of the member shall be excluded from the number of voting rights held by the members present

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among the Audit & Supervisory Board Members, the Accounting Auditor and the Internal Audit Division

1. Cooperation between the Audit & Supervisory Board Members and the Accounting Auditor
Under an audit contract with KPMG AZSA LLC, Audit & Supervisory Board Members receive advice as an accounting professional on the accounting audits by the Audit & Supervisory Board Members and hold regular meetings to exchange opinions for mutual collaboration.
2. Cooperation between the Audit & Supervisory Board Members and the Internal Audit Division
The Bank has in place the Internal Audit Division, which is independent of the Bank's other departments engaging in business operations and directly reports to the President and Representative Director.

The Internal Audit Division annually sets a basic policy for internal auditing plans and priority issues to be addressed, which are to be approved by the Board of Directors. Individual internal auditing plans are formulated by the General Manager of the Internal Audit Division, and approval of these plans is obtained from the President and Representative Director, who is the officer in charge of the Internal Audit Division. Individual internal audits are conducted by investigating and evaluating the following items to discover problems, if any, and suggesting how to address them. The results of these audits are reported to the President and Representative Director, the Executive Committee and the Audit & Supervisory Board Members.

- (1) Systems for and the current status of legal compliance
- (2) Appropriateness and effectiveness of internal controls over financial reporting
- (3) Systems for and the current status of customer management, including customer protection
- (4) Systems for and the current status of risk management
- (5) Internal management systems at each operational department and appropriateness and effectiveness thereof
- (6) Appropriateness and effectiveness of internal management systems as a whole based on the above items (1) through (5).

Internal audits are conducted on all of the Bank's departments and systems, including those of its subsidiaries. Audits are also conducted on the operations of the Bank's major outsourcing contractors regarding the status of management by its relevant internal departments, as well as on the outsourcing contractors themselves within the scope agreed with them.

Audit & Supervisory Board Members perform audits on the execution of duties by Directors by attending the Board of Directors meetings or other means. In addition to conducting their own operational and accounting audits, Audit & Supervisory Board Members receive reports on results of external audits by the accounting auditor and check the appropriateness thereof.

Audit & Supervisory Board Members receive periodic reports from the Internal Audit Division on its audit plans and results and request investigations as necessary to ensure that the audit results of the Internal Audit Division are effectively utilized for internal control system audits by Audit & Supervisory Board Members. In addition, Audit & Supervisory Board Members receive reports on the status of internal control systems regularly or as necessary from the departments in charge of internal control functions, and ask for detailed explanations as necessary.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Outside Audit & Supervisory Board Members Designated as an Independent Officer	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideaki Terashima	Attorney-at-law													
Yukie Toge	Certified Public Accountant													

*Categories for "Relationship with the Company"

*"○" when the Audit & Supervisory Board Member presently falls under or recently has fallen under the category;

"△" when the Audit & Supervisory Board Member fell under the category in the past

*"●" when a close relative of the Audit & Supervisory Board Member presently falls under or recently has fallen under the category; "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive of the Bank or its subsidiary

- b. Non-Executive Director or Accounting Advisor of the Bank or its subsidiary
- c. Executive or Non-Executive Director of a parent company of the Bank
- d. Audit & Supervisory Board Member of a parent company of the Bank
- e. Executive of a fellow subsidiary of the Bank
- f. A party for which the major client or supplier is the Bank or an Executive thereof
- g. Major client or supplier of the Bank or an Executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides officers' compensation
- i. Major shareholder of the Bank (or an Executive thereof if the shareholder is a legal entity)
- j. Executive of a client or supplier of the Bank (which does not correspond to any of f, g or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which the Bank mutually appoints outside officers (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Bank (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideaki Terashima	○	[Major Concurrent Positions] Attorney-at-law (Harumi-kyowa Law Offices) Professor, Law School, Senshu University	We can expect Mr. Hideaki Terashima's broad insight in corporate legal affairs, nurtured in his career as an Attorney-at-law, to contribute to the audits of management of the Bank. Mr. Hideaki Terashima does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of having conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Yukie Toge	○	[Major Concurrent Positions] Representative Director, Felice Consulting Ltd. Certified Public Accountant (Head of Toge Yukie CPA Office) Outside Director (Audit & Supervisory Committee Member), Mabuchi Motor Co., Ltd.	We can expect Ms. Yukie Toge's expertise as a Certified Public Accountant, deep insights as an accounting and system-related consultant, and experience as a corporate manager to contribute to the audits of management of the Bank. Ms. Yukie Toge does not have any special attributes and/or relations with the Bank that would disqualify her as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of having conflicts of interest with general shareholders, and she is therefore designated as an Independent Officer.

[Independent Officers]

Number of Independent Officers	6
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Matters relating to Independent Officers
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[Incentives]

Incentive Policies for Directors	Introduced a Performance-Based Stock Compensation Plan
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Supplementary Explanation

To further increase motivation for the medium- to long-term continued enhancement of performance, the introduction of a Performance-Based Stock Compensation Plan, which delivers the Company's shares in accordance with the level of achievement of performance targets (hereinafter, the "Plan"), has been approved by a resolution at the 16th Ordinary General Meeting of Shareholders held on June 19, 2017. The Plan consists of fixed points, which are awarded according to rank, and performance-based points, which are awarded on a scale ranging from 0% to 200% according to the degree of attainment of performance targets. In order to make assessment indicators well-balanced from the aspects of both sales volume and profitability, consolidated ordinary income and consolidated ordinary profit are used as the assessment indicators for the degree of attainment of performance targets.

Note: One point corresponds to one share of the Bank.

Recipients of Stock Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation

The total amount of Directors' compensation for the 18th fiscal period (April 1, 2018, to March 31, 2019) was ¥345 million for 14 Directors. This compensation included ¥67 million of expenses related to stock compensation that were granted to six Directors.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods
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Officers' compensation, etc. is determined by comprehensively taking into account factors including contribution to the Bank, content and importance of duties, and performance of duties.

The Bank has established the Nomination & Compensation Committee as an advisory organization to the Board of Directors. The committee is chaired by an Independent Outside Director and consists of four Directors, including two Independent Outside Directors and two Representative Directors. The specific amount of compensation, etc. for Directors is proposed to the Board of Directors by the Nomination & Compensation Committee within the annual limits for compensation approved by the General Meeting of Shareholders, and the final decision is made by resolution of the Board of Directors.

[Support System for Outside Directors and/or Audit & Supervisory Board Members]

The support system for Outside Directors and/or Audit & Supervisory Board Members is stated in “Supplementary Principle 4-14 (2): Support Systems and Training Policies for Directors and Audit & Supervisory Board Members” under the “Disclosure Based on the Principles of the Corporate Governance Code” in this Report.

[Status of Person who Retired as President and Representative Director, etc.]

Name, etc. of Counselor or Advisor Who Was Former President and Representative Director, etc.

Name	Post and position	Duties	Working arrangements and conditions (Full-time, part-time, with or without compensation, etc.)	Date of retirement as President, etc.	Term of office
Takashi Anzai	Executive Adviser	Advice and external activities based on experience and insight	Full-time, with compensation	June 19, 2018	1 year, (renewable)

Total number of persons who were former President and Representative Directors, etc.

1

Other Matters

- The advisory system is stipulated in the regulations for officers that are established and resolved by the Board of Directors, and under this system advisors and Executive Advisors are appointed from among candidates with experience as Director.
- Advisers and Executive Advisors do not have any authority that would affect the management decisions of the Company.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

As of the update of this Report, the Bank’s Board of Directors consisted of ten Directors, including four Outside Directors. The Board of Directors meets, in principle, once a month to decide on the Bank’s basic management policies and important operational issues and to supervise the execution of business by Directors with executive authority over operations and Executive Officers. The Board of Directors has established the Nomination & Compensation Committee chaired by an Independent Outside Director as an advisory organization. The Nomination & Compensation Committee shall deliberate the following matters regarding the Company’s Directors and Executive Officers: (1) compensation and bonuses; (2) other important matters concerning compensation; (3) matters regarding the recommendation of candidates for Director and candidates for Executive Officer; (4) matters regarding the recommendation of candidates for Representative Director and candidates for Executive Director; and (5) other important personnel matters regarding Directors. The Board of Directors has established the Executive Committee as a decision-making body concerned with operational implementation within the scope delegated by the Board of Directors. In principle, the Executive Committee meets on a weekly basis to deliberate on the implementation of important operations, including

the formulation or amendment of important business plans; the acquisition and disposal of important assets; important credit provision-related issues; the payment of large debts and expenses; important credit management issues; rewards and sanctions for employees; important issues related to employees' working conditions and benefits; the establishment, change and abolition of important elements of the organization; and the formation, revision and elimination of important rules and policies, in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. Since June 2006, the Bank has adopted an executive officer system, and the Executive Committee comprises Executive Officers and others nominated by the Board of Directors.

As of the update of this Report, the Bank's Audit & Supervisory Board consisted of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. The Audit & Supervisory Board meets, in principle, at least once a month to receive reports regarding important auditing-related issues and deliberate and make decisions thereof. The Audit & Supervisory Board convenes with Representative Directors, the Internal Audit Division and the accounting auditor on a regular basis to exchange opinions and make requests as necessary on issues to be addressed by the Bank, the status of improvements to the Audit & Supervisory Board Members' auditing environment and important auditing-related issues. In addition, the Audit & Supervisory Board Members oversee and verify from the following perspectives the status of fulfillment of legal obligations, including the duty of care of a good manager and the duty of loyalty, with regard to resolutions of the Board of Directors and other decision making by Directors.

- (1) There shall be no material and careless errors in recognizing the facts based on which a decision is made.
- (2) The decision-making process shall be reasonable.
- (3) The content of a decision shall not violate laws and/or the Articles of Incorporation.
- (4) The content of a decision shall not be apparently unreasonable as an ordinary corporate manager.
- (5) The interest of the Bank shall be considered first, not the interest of Directors or a third party, in making a decision.

To assist the Audit & Supervisory Board Members and facilitate the operation of the Audit & Supervisory Board, the Audit & Supervisory Board Members' Office has been established and employees have been positioned in place.

3. Reasons for Adoption of the Current Corporate Governance System

Regarding the reasons for adoption of the current corporate governance system, please refer to "I.1 Basic Views."

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and the Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	A Convocation Notice of a General Meeting of Shareholders is mailed one to several days in advance of the statutory due date (mailed on May 31, 2019). The notice is also posted on the websites of the Tokyo Stock Exchange and the Bank before it is mailed so that shareholders may sufficiently comprehend the content, irrespective of any postal issues.
Scheduling General Shareholder Meetings to Avoid the Peak Day	The Bank's General Meeting of Shareholders is held during the week preceding the week during which the peak day falls so that as many shareholders as possible may attend the meeting. The 18th Annual General Meeting of Shareholders: June 17, 2019.
Allowing the Electronic Exercise of Voting Rights	The electronic exercise of voting rights is allowed by accessing the voting website specified by the Bank through a personal computer or a smartphone, etc., thereby allowing as many shareholders as possible to exercise their voting rights.
Participation in an Electronic Voting Platform and Other Measures to Enhance the Voting Environment for Institutional Investors	The Bank uses the electronic voting platform operated by Investor Communications Japan, Inc.
Providing the Convocation Notice (Summary) in English	An abridged English translation of the convocation notice is posted on the website of the Tokyo Stock Exchange and the Bank (English version) before the notice is mailed.
Other	<p>The disclosure of results for the exercise of voting rights is posted on the Bank's website.</p> <p>http://www.sevenbank.co.jp/english/ir/library/meeting/</p> <p>The operation of the Company's General Meeting of Shareholders is environmentally conscious.</p> <p>The Convocation Notice and the attendance sheet handed to shareholders at the reception of the General Meeting of Shareholders are printed on FSC certified papers with vegetable oil-based inks, which are environmentally friendly.</p>

2. IR Activities

	Supplementary Explanations	Explanation Given by Representative
Creation and Announcement of Disclosure Policies	Disclosure Policies have been created and posted on the Bank's website.	
Regular Briefings for Individual Investors	Briefings for individual investors are provided at the meeting site.	No
Regular Briefings for Analysts and Institutional Investors	Briefings of year-end and interim financial results are provided by a representative at the meeting site. Financial results for the first and third quarters are presented through a conference call by the officer in charge of Planning Division.	Yes
Regular Briefings for Overseas Investors		No
Posting of IR Materials on Website	Financial reports, other statutory disclosure materials and other information including those voluntarily disclosed are provided to promote fair IR activities.	
Establishment of Department and/or Manager in Charge of IR	Planning Division	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Bank's basic attitude toward its stakeholders is stipulated in its Management Ethos, Corporate Principles and Charter of Ethics.
Implementation of Environmental Activities, CSR Activities, etc.	<p>The Bank's group defines corporate social responsibility (CSR) as "contribution to society through business activities creating useful value," and has steadily and consistently striven to create a rich society through its main business of providing ATM services that can be accessed "anytime, anywhere, by anyone, and with safety and security."</p> <p>At the same time, however, recent social changes have raised diverse social issues, while the negative impact of environmental problems on the economy is also becoming more serious. Faced with various social issues, the Bank's group, through dialogue with stakeholders, designated five social issues and referred to them as "Material Issues," on which it should leverage its strengths and uniqueness, as well as prioritize its contribution to finding solutions.</p> <p><The Five "Material Issues"></p> <ol style="list-style-type: none"> 1. Provide safe and secure settlement infrastructure <ul style="list-style-type: none"> - We will actively introduce the benefits of technological innovation, and provide settlement infrastructure that is safe, secure, and efficient. 2. Create life quality through new financial services <ul style="list-style-type: none"> - We will provide new value in the lives of our customers by constructing new financial services that capture changes in lifestyle. 3. Create a society where everybody can play a part <ul style="list-style-type: none"> - Through development of financial services and an improved working environment, we will contribute to the creation of a society where diverse individuals can participate successfully in diverse ways. 4. Reduce environmental impact <ul style="list-style-type: none"> - Through measures such as the development of next-generation ATMs, we will strive for the reduction of environmental impact.

	<p>5. Realize coexistence of multiple cultures</p> <ul style="list-style-type: none"> - We will provide comprehensive support to enrich the lives of foreigners in Japan, giving them a convenient and comfortable base for their activities through our financial services and other initiatives. <p>The Bank's group considers that engagement in these "Material Issues" will also lead to contribution to SDGs.</p> <p>Specific CSR initiatives are disclosed on the Bank's website. https://www.sevenbank.co.jp/english/csr/</p>
Development of Policies on Information Provision to Stakeholders	<p>The Bank's Disclosure Policies, including a policy for the provision of information to stakeholders, have been established and are posted on its website.</p>

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of Development Thereof

1. Contents of resolutions made at the Board of Directors

It was resolved at the Board of Directors meeting held on May 8, 2006, that relevant steps would be taken to ensure the development of systems in accordance with Article 362, Paragraph 4, Item 6 of the Companies Act. The content of this resolution is reviewed each fiscal year in terms of its progress. An outline of the system is as follows.

- (1) System for ensuring that the execution of duties by Directors is carried out in accordance with laws, regulations and the Articles of Incorporation
The Board of Directors has established a “Policy on Compliance” and “Compliance Standards” for the implementation of compliance in 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 management of information related to the execution of duties by Directors
The information related to the execution of duties by Directors is to be appropriately and securely stored and managed, and prompt disclosure shall be made in case requested either by Directors or Audit & Supervisory Board Members.
- (3) Regulations and other structures for controlling the risk of loss
The Board of Directors has established a “Policy on Risk Control” comprising systematic provisions for risk control with the aim of securing sound and effective management for the appropriate control of the Bank’s risk of loss in management. The Directors regularly report to the Board of Directors about issues related to risk control.
- (4) System for ensuring the efficient execution of 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 decision making on business execution and introduced an executive officer system with the aim of achieving the smooth and efficient execution of duties.
- (5) System for ensuring that the execution of duties by employees is carried out in accordance with laws, regulations and the Articles of Incorporation
The Directors develop an appropriate compliance system based on the “Policy on Compliance” and the “Compliance Standards.” The Directors bear ultimate responsibility for the creation of structures to ensure compliance in the execution of employees’ duties, the determination of policies, the execution of such policies, the verification of their implementation status and the assessment of the policies.
- (6) Structure for ensuring the appropriateness of the Group’s operations
The Directors and employees of the Bank, as members of the Seven & i Group sharing the Group’s Management Ethos, are united in striving to promote a law-abiding attitude. With the aim of prioritizing the soundness of its management, the Bank develops a structure for independent management decision making while adhering to the arm’s-length rule and others. To ensure the appropriateness of operations conducted by the Bank’s group consisting of the Bank and its subsidiaries, the Board of Directors formulates the “Policy to Manage Subsidiaries,” based on which Directors put in place a structure to manage subsidiaries appropriately.
- (7) Items concerning relevant employees in the case of requests from Audit & Supervisory Board Members for the deployment of the Bank’s employees to support the role of Audit & Supervisory Board Members
The Bank shall install the Audit & Supervisory Board Members’ Office and deploy employees dedicated for the Audit & Supervisory Board Members’ Office to support the role of Audit & Supervisory Board Members. In addition, the Directors shall, when requested by Audit & Supervisory Board Members, have employees assist with audit operations.
- (8) Items concerning the independence from the Directors of the Bank’s employees dedicated to the Audit & Supervisory Board Members’ Office
With regard to employees dedicated to the Audit & Supervisory Board Members’ Office, the officers in charge of Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning personnel transfers, performance evaluations and disciplinary actions.
- (9) System for ensuring the effectiveness of directions given by Audit & Supervisory Board Members to the employees supporting the role of the Audit & Supervisory Board Members

The Audit & Supervisory Board Members' Office shall be staffed by an appropriate number of dedicated employees equipped with the necessary knowledge and abilities, and Audit & Supervisory Board Members shall be given the right to issue orders to such employees. The officers in charge of Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning the personnel transfers, performance evaluations and disciplinary actions for the employees dedicated to the Audit & Supervisory Board Members' Office. In addition, such employees are given the authority to investigate the appropriateness of operations and collect necessary information for that purpose.

(10) System for reports to Audit & Supervisory Board Members made by Directors and employees

Directors receive an explanation of auditing policies and plans and the current status and results of the implementation of audits from the Audit & Supervisory Board as necessary, and shall determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and shall duly make such report. Directors and employees shall promptly report to Audit & Supervisory Board Members issues that could cause significant entity-wide influence, the progress of internal audits and important matters with regard to compliance, in addition to statutory matters. For reports concerning the Bank's subsidiaries, a department within the Bank shall be assigned to take responsibility for receiving reports on a subsidiary's business management, compliance, risk management and other internal management issues from the subsidiary's Directors and employees. Such departments in charge of the respective subsidiaries shall report, if necessary, such information to Audit & Supervisory Board Members.

(11) System for ensuring that persons who report to Audit & Supervisory Board Members are not treated disadvantageously due to such reporting

The Bank's internal regulations shall be in place to prohibit any disadvantageous treatment of persons who make reports to Audit & Supervisory Board Members and such regulations shall be operated appropriately.

(12) Matters concerning policies for the procedures for the prepayment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Board Members or treatment of other expenses or liabilities incurred for the execution of such duties

Ordinary auditing expenses shall be budgeted according to the auditing plans of Audit & Supervisory Board Members. For any extraordinary or temporary expenses, reimbursement may be requested.

(13) Other system for ensuring the effective implementation of audits by Audit & Supervisory Board Members

Directors and the internal audit division hold regular meetings with the Audit & Supervisory Board to exchange opinions about important auditing issues and deepen their mutual understanding.

2. Status of operation of the structure for the maintenance of the appropriateness of the Bank's group's operations

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

(1) Compliance system

The Bank has a Compliance Committee installed for the purpose of inspecting and evaluating the entity-wide compliance from the perspective of comprehensive management and operation. During the fiscal year under review, the Compliance Committee met three times, understanding compliance-related issues and discussing the measures to address such issues.

Furthermore, various kinds of training were conducted concerning "thorough information management" as a priority issue under a compliance program of the Bank.

(2) Risk management system

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

(3) Execution of duties by Directors

During the fiscal year under review, the Board of Directors held 13 meetings to determine matters stipulated by laws and regulations, as well as the 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, we gave prior explanations to Outside Directors on certain issues that might have a significant effect on management and making efforts to further deepen an understanding of the Bank's business operation.

(4) The Bank's group management structure

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

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

The Bank's Audit & Supervisory Board consists of four Audit & Supervisory Board Members including two Outside Audit & Supervisory Board Members. During the fiscal year under review, the Audit & Supervisory Board held 14 meetings, receiving reports from full-time Audit & Supervisory Board Members with regard to the current status of the Bank and exchanging opinions among the Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board Members attend important meetings such as Board of Directors meetings and the Executive Committee meetings, regularly exchanging information with Representative Directors, the Accounting Auditor and the Internal Audit Division, thereby monitoring Directors' execution of duties.

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

To support the role of the Audit & Supervisory Board Members, the Bank has the Audit & Supervisory Board Members' Office with two dedicated employees positioned to the office, assisting the Audit & Supervisory Board Members with their duties. Directors receive explanation as necessary from the Audit & Supervisory Board regarding the audit policy, the audit plan, the status of implementation of audits and the audit results. Directors determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and they are duly reporting to the Audit & Supervisory Board.

Directors and employees of the Bank and Directors and employees of the subsidiaries report to the Audit & Supervisory Board Members as necessary regarding matters that have a significant impact on the overall entity, the status of implementation of the internal audits and important matters related to compliance in addition to legal issues.

2. Basic Views on Eliminating Antisocial Forces and the Progress of Development Thereof

1. Views on Eliminating Antisocial Groups

In its Charter of Ethics, the Bank presents its strong opposition to antisocial groups that could threaten the order and safety of civil society. Details of specific measures for that purpose are stipulated in its internal regulations.

2. Progress of the Development of Systems for Eliminating Antisocial Groups

(1) Status of establishing a department responsible for dealing with related matters and assigning a person responsible for responding to wrongful demands

The Bank assigns the Risk Management Division to be in charge of developing systems for acting against antisocial groups. The Division formulates the policies, systems and measures for acting against antisocial groups and conducts the implementation, reporting, evaluation, review and improvement thereof. Meanwhile, the General Affairs Division and the Financial Crime Risk Strategy Planning and Prevention Division are assigned the responsibility to deal with any specific approach or attack actually made by antisocial groups and to improve the systems for such purpose. In addition, the Bank designates a person responsible for preventing wrongful demands to ensure an organized approach against wrongful demands.

(2) Status of collaboration with outside professional organizations

The General Affairs Division and the Financial Crime Risk Strategy Planning and Prevention Division have built collaborative relationships with outside professional organizations, including the police, public interest incorporated foundation Tokyo Center for Promoting the Elimination of

	Bouryokudan (“Boutsui Tokyo”), to enable timely and appropriate action in case of emergency, by exchanging information on a regular basis.
(3)	<p>Status of collecting and managing information on antisocial groups</p> <p>The Financial Crime Risk Strategy Planning and Prevention Division maintains a database on antisocial groups, and the database is continuously updated whenever information is received from outside professional organizations.</p>
(4)	<p>Status of preparing manuals for acting against antisocial groups</p> <p>In line with its Charter of Ethics, Policy on Compliance and Compliance Regulations, the Bank has stipulated improvements to organized systems for acting against antisocial groups and specific measures in the Regulations for Response to Antisocial Groups.</p>
(5)	<p>Status of conducting training activities</p> <p>The Bank provides all employees with educational and training opportunities to learn how to act against antisocial groups at least once a year.</p>
(6)	<p>Other</p> <p>The Bank has asked customers applying to open accounts to sign an affidavit stating that they are not associated with antisocial forces, has included rules and other clauses that provide explicitly for the exclusion of organized crime groups, and has enabled account application rejection and account closure for customers associated with antisocial groups.</p>

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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2. Other Matters Relating to the Corporate Governance System

Preparation and Improvement of Systems for Timely Disclosure

1. Basic Approach on Timely Disclosure

The Bank recognizes that, building on proper information management, conducting timely and appropriate disclosure of its corporate information and highly reliable financial reporting are important to enhance the transparency of corporate management and promote the understanding and trust of the Bank among its customers, shareholders, business partners, local communities and employees, thereby increasing the Bank's corporate value. With this recognition, the Bank conducts the disclosure of its information in an active and equitable manner. The Bank conducts the disclosure of information that is useful to society, including its shareholders, as promptly and correctly as possible, even if the disclosure of such information is not statutorily required and irrespective of whether such information is advantageous or disadvantageous to the Bank.

The Bank adheres to the Disclosure Policies in which it is stated that information is posted on its website promptly after it is timely disclosed to ensure the opportunity to get fair and easy access to such information. The Disclosure Policies are disclosed on the Bank's website and put in action.

2. Development and Improvement of Internal Systems and Structures for Timely Disclosure

The Bank has established the Basic Policy on Internal Management to improve the systems for ensuring the soundness and appropriateness of business operations and to make all officers and employees fully aware of such systems. Based on this policy, the Bank has also developed the Policy on Information Disclosure and the Information Disclosure Regulations as its subordinate regulation to clarify the Bank's basic attitude toward information disclosure and the disclosure methods and ensure entity-wide awareness by disseminating them by posting on its intranet.

In line with the basic policy, the Bank has designated the Planning Division as a department in charge of promoting timely and appropriate information disclosure. With the officer in charge of Planning Division designated as the person responsible for information disclosure, the Planning Division conducts the overall management of information disclosure issues, including procedures for information disclosure and responses after disclosure.

3. Development and Improvement of Procedures for Timely Disclosure

(1) Information on determined facts

A material fact determined by the Bank's own intention (hereinafter "determined facts") is disclosed immediately after it is resolved by the organization that makes decisions on the execution of operations.

The Planning Division, which is in charge of information disclosure, bears the function as a secretariat of the Board of Directors, which makes decisions on the basic policies for corporate management and important matters concerning business operations, and the Executive Committee, which conducts deliberations on the execution of business operations within the scope delegated by the Board of Directors and confers on issues to be deliberated by the Board of Directors prior to its meetings. Therefore, information concerning determined facts is gathered to the Planning Division before being resolved. The department in charge of information disclosure preliminarily obtains the matters to be put on the agenda of the Board of Directors or the Executive Committee through the secretariat thereto; identifies the information to be disclosed and the best possible timing and method to disclose it by taking into account the possible effects on investors' judgment and other factors in light of the timely disclosure rules and regulations set by the stock exchange where the Bank is listed and the provisions of the Financial Instruments and Exchange Act; and immediately

discloses such information using the TD net upon a resolution on the determined facts. The information disclosed is promptly reported to the Board of Directors.

With regard to information disclosed in the method above, after disclosure by the TD net, the information is then promptly distributed at related press clubs or other entities, and disclosed on the Bank's website to ensure broader recognition.

(2) Information on occurred facts

A material fact occurring due to external factors is disclosed promptly when the occurrence of such fact is recognized by the Bank.

Information concerning the Bank is gathered to the Planning Division, which is in charge of information disclosure. Based on the information on occurred facts gathered, the Planning Division confirms the content and situation of the facts and estimates the possible development of the situation; identifies the best possible timing and method to disclose it by taking into account the possible effects on investors' judgment and other factors in light of the timely disclosure rules and regulations set by the stock exchange where the Bank is listed and the provisions of the Financial Instruments and Exchange Act; and discloses such information using the TD net after necessary approval is obtained. The information disclosed is promptly reported to the Board of Directors.

With regard to information disclosed in the method above, after disclosure by the TD net, the information is then promptly distributed at related press clubs or other entities, and disclosed on the Bank's website to ensure broader recognition.

