



Integrated Report 2022

For the year ended March 31, 2022





PURPOSE

Create a better
version of daily life
by going beyond
the wishes of
our customers.



STORY

Our customers' wishes are seeds that grow and become the future.

Seven Bank began in response to our customers who wanted to see ATMs in 7-Eleven stores. Customers' wishes came first, that is our origin.

Times change, and so do people's needs and wants. They also become diverse. While holding true to our core philosophy, we keep evolving to meet our customers' wishes.

As a unique bank that offers, convenience, reliability and trust, Seven Bank continues to launch new initiatives that support people and society. As a vital part of people's daily lives, we remain inventive, striving to create new lasting value beyond traditional financial services.

We strive to be closer to our customers, to help them fulfill their wants and needs easily. Using cutting-edge technology and manpower, we challenge ourselves to move beyond the status quo. We seek to create a better version of daily life for everyone.

That is our reason for being.



Background

Values that we have held dear since our founding and unshakable origin

Our business began with the aim of meeting our customers' wish to see ATMs in 7-Eleven stores. Since then, we have continuously created new services by repeatedly striving to realize our customers' wishes.

As digitalization has made progress, our customers' lives have changed significantly, and our business also needs to undergo major changes.

When considering Seven Bank's sustainable growth in the future, and what form the Bank take in the coming times, we first needed to reconsider the reason for the company's existence in society, so we formulated the Purpose of Seven Bank in April 2021.

Discussions on the formulation of the Purpose of Seven Bank were made between a total of almost 50 people, including top management members and employee volunteers. Over about six months of listening carefully to the opinions and thoughts of all employees, the discussions got deeper and deeper. In the process, we reaffirmed that the values that we have held dear since our founding are our unshakable origin. We started our business in order to realize our customers' wishes to see ATMs in 7-Eleven stores. Over the 20 years since then, we have continued working to realize our customers wants and needs. This is still our reason for being and will continue to be so into the future.

Toward the next stage of growth in a way that reflects the Purpose.

Since the Purpose of Seven Bank was formulated, more and more employees have asked if we are going beyond the wishes of our customers. We are more determined than ever to meet the wishes of our customers, and we continue to pursue challenges with the Purpose as our decision-making axis and guidepost. Seven Bank continues to confirm if we are going beyond the wishes of our customers at every stage of our operations while valuing internal dialogue, to create new lasting value.



Measures to permeate the Purpose within the Bank

To fulfill the Purpose

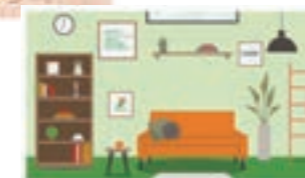
In order to fulfill the Purpose, it is important that each employee has a correct understanding of the Purpose and is able to decide and act based on the Purpose. We have positioned the first year after the formulation of the Purpose as an awareness and learning phase, and have implemented a variety of measures to permeate the Purpose throughout the Bank.

Become aware of the Purpose

We have provided a wide range of opportunities for employees to become aware of the Purpose, such as distributing video messages from the president, holding briefings for each department, posting posters in the office, and distributing background images for online meetings.



Background of online meetings, wallpaper for PCs



Entrance of Seven Bank Headquarters

Personalization of the Purpose

Training was provided for directors and officers, general managers, promoted employees, and new graduates. Focus was placed on discussion with members, with the aim of cultivating a deeper understanding by comparing his/her own behavior to the Purpose and finding the path to fulfill the Purpose.



Purpose Survey (Survey on permeation of the Purpose)

We conducted a survey of all employees to objectively confirm their level of recognition and understanding of the Purpose. Based on such level, we study more effective permeation measures and deploy them throughout the Bank.

We aim to be a provider of **social infrastructure** capable of meeting broad-ranging needs beyond the framework of financial services

As a financial institution with roots in retail, we are drawing closer to customers, and enhancing convenience for both real and virtual

The business environment surrounding Seven Bank has been changing dramatically. With the continued advance of digitalization, conventional financial functions are segmenting, growing more sophisticated, and becoming seamlessly connected, which is accelerating the reorganization of the financial industry at the global level. People's lifestyles and values have also changed significantly as a result of the COVID-19 pandemic. There is no doubt that in society the roles expected of financial institutions and the functions required of them will increasingly change. During such a major transition period, what is important is how well we will anticipate the needs of customers and provide fresh and unique services and functions, which means transcending the traditional bounds of finance.

Most recently, with the increasing prevalence of cashless payment, cash-related needs have been rapidly diminishing—this is commonly heard. But going forward, in society, I don't think all payment methods will become cashless for sure. Looking at government statistics, as cashless payment options have spread, the amount of cash circulating has also increased. I think it is important to provide a variety of options depending on each person's lifestyle and particular needs, for shopping online or at real stores, and for meals delivered or out at restaurants, for example. As one of diverse choices in society, I think the role of our ATMs will continue to grow. Along with meeting cash-related needs while accommodating the shift to cashless payment, then we need to go beyond. Having ATMs function as infrastructure for various services, including

those related to the administration of government programs, we enhance convenience in both real and virtual arenas. This is the position we need to take.

Drawing on the DNA we've embraced to create a new movement

What I have consistently striven to do ever since I first joined the Bank is think from the customer's point of view and to tackle new challenges. This is what I have learned from Seven-Eleven. Financial services are subject to very strict regulations and guidelines, and the industry's conventional wisdom is associated with them. There have been cases being left to stand that have needed to change in order to respond to changes in the times and advances in technology. However, as a financial institution rooted in retail ways of thinking, Seven Bank has focused on always seeing things from the customer's point of view and providing what customers truly want.

Our ATMs are one result of this. At the time, there were no services that allowed deposits and withdrawals to be made with cards from various financial institutions at a single ATM. The conventional wisdom in the industry at the time was to limit deposits to one's own bank because of the complexity involved in processing banknote jams that would sometimes occur when money was deposited. Overturning the conventional wisdom to put highest priority on customer convenience, we tackled a host of challenges, including developing new technologies, creating a remote response scheme, handling charges for various code-based payment methods, and accommodating Individual Number Cards, and as a result today we have over 26,000 ATMs nationwide and have grown into social

Masaaki Matsuhashi
President and Representative Director



infrastructure that handles over 900 million ATM transactions annually.

What's more, customers of Seven-Eleven expect to be provided with new products and services for more enriching, more convenient lifestyles. As a member of the Seven & I Group, we must accurately grasp the needs of customers and meet their expectations on a day-to-day basis, and we must continue to take on new challenges to this end.

One recent example is our Smartphone ATM service. Through use of a smartphone app, customers can deposit and withdraw cash at Seven Bank ATMs even without a card. Smartphone ATM was a groundbreaking movement that came out of changes in the lifestyles of our customers, and it had a major impact on the industry. Our long-term goals going forward are to create the next new movement and have it spread throughout the industry and also to contribute to promoting digital transformation (DX) in Japan. We recognize that these are very lofty goals, but we intend to move our business forward guided by this vision.

Rapidly scaling up initiatives by promoting digital transformation and data utilization

Seven Bank has been carrying out its Medium-Term Management Plan (FY2021 – FY2025) since fiscal 2021. Under the plan, we have a goal of realizing a second stage of growth by seizing the opportunities from changes in society, and to achieve this goal, we have three main focuses: growth strategy, contribution to solving social issues, and corporate transformation.

In the plan's first year, in a difficult environment marked by economic stagnation from the pandemic and the further advance of cashless payment, consolidated ordinary income was ¥136.6 billion and consolidated ordinary profit was ¥28.2 billion. Both income and profit declined year on year but were in line with the plan. This fiscal year, the second year of the plan, we are projecting consolidated ordinary income of ¥149.0 billion, but we will also continue investing with a view to our next stage of growth, so we are putting consolidated ordinary profit at ¥28.0

billion. The difficult environment is expected to continue for the time being, but by focusing on realizing an "ATM+" world that seeks to create new value, on financial services that pursue unique products and demonstrate synergies with the Seven & I Group, and on the overseas business, which will establish a dominating presence in three countries overseas, we will steadily increase the topline and by doing so work to achieve ordinary income of ¥170.0 billion in the plan's final year.

This fiscal year, we will need to quickly scale up a variety of initiatives for which the seeds were laid last year. To this end, one of my missions is to promote DX and more active use of data strategically.

Continuing to expand the value of ATMs, even in a difficult environment, and moving to the next stage

In our domestic ATM business, which is our solid income base, the number of ATMs is continuing to increase due to replacement of ATMs by financial institutions and demand from train stations, airports, and commercial facilities. In addition, various initiatives are underway to build an ATM+ world that transcends the conventional concept of an ATM as a cash platform, with personal authentication, for example, and services linked to Individual Number Cards. For financial institutions, we have started an initiative in which personal authentication via facial recognition at ATMs is used to meet needs such as account openings, changes to notification items, and ongoing customer management.

Moreover, we have started to work with regional governments on providing a service that allows people to receive government benefits through our ATMs anytime, anywhere and without the need for a bank account. This is currently being implemented as proof of concept for benefit payments from Kakogawa City in Hyogo Prefecture utilizing the Individual Number Card and benefit payments made by Shibuya City in Tokyo in connection with its childbirth grant program. With regard to DX for administrative services, the value of ATMs is being reaffirmed as a concrete example of a type of user interface that leaves no one behind. And with these,



we will work to further expand the value provided by ATMs as a new social infrastructure that is close and convenient, and reliable and safe.

In the financial services business, we are planning to continue increasing the number of accounts and use of personal loan services. Moreover, in fiscal 2022, we plan to launch securities brokerage services and steadily work to expand and enhance our service menu. Another challenge for us will be thoroughly pursuing Group synergies. With leveraging the Group's enormous customer base, we will work to further ramp up our retail services by enhancing use of data.

In our overseas business, which is a growth field, it will be important for us to expand business quickly and consistently in the United States, Indonesia, and the Philippines, where we have already established services. At FCTI, Inc. in the U.S., we will start to diversify services in the same way as Japan while working to increase operational efficiency. In the meantime, at PT Abadi Tambah MuliaInternasional (ATMi) in Indonesia and PitoAxMPlatform, Inc. in the Philippines, we are aiming to increase ATM installations, further stabilize operations and increase the number of transactions.

Working to resolve social issues through our main business, pivoting on five material issues

Seven Bank has positioned the promotion of sustainability as the basis for its management strategy. We have specified five material issues that the company as a whole, will proactively work on solving environmental and social issues through business activities. We believe that

providing safe and secure payment infrastructure through approximately 40,000 ATMs globally is connected to the resolution of social issues because such services provide the infrastructure as a solution to meet people's various cash-related needs.

We are also involved in multifaceted services for foreigners living in Japan so that Japan comes to be recognized as highly livable for everyone. These include an international money transfer service that can be used easily from a smartphone app, and in addition, credit cards and purpose-specific loans for foreigners living in Japan. Going forward, we will consider expanding services in response to the needs not only of foreigners living in Japan but also foreign travelers visiting Japan, who are gradually increasing, and through this work to realize multicultural symbiosis.

Seven Bank is a supporter of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is actively working to tackle climate change. With every new generation of ATM, energy consumption is cut substantially, and by reducing the frequency of ATM cash transportation as well, we are reducing CO₂ emissions from the transport process. Moreover, we plan to procure renewable energy for all the electricity used by data centers that will be the foundation of our new system platform. In this way, in collaboration with Seven & I Group companies and our various partners, we will contribute to solving increasingly serious environmental problems.

Improving IT skills of individual employees and establishing a data-driven culture

To accelerate transformation of both organization and business model/process as one of growth strategies, we will continue promoting the Corporate Transformation (CX) Project. Companies must change to adapt to the social environment, and this project aims to transform the company focusing on “human resources, organization, and corporate culture” and “data-driven business models and processes” with a view to changing employee mindsets and evolving technologies. For a new movement, we need to create an environment for all employees can learn the latest technologies and also privilege to use diverse sets of data to promote operating efficiency or develop new products and services. However, technology is not everything. It is always important to think from the customer’s point of view. Rooted in this idea, utilizing diverse data and cutting-edge technologies while maintaining our specialization and high level of quality which are always required as a bank will help give us a strong competitive advantage. To this end, we are engaged in hybrid personnel reinforcements and organizational reforms to improve IT literacy in-house while also acquiring outside IT professionals with extensive experience and skills.

In addition, we have a team called Seven Labo that promotes innovation company-wide with its antenna up to changes taking place in society. Seven Labo acts quickly and flexibly beyond organizational demarcations to promote a variety of projects, and we would like to integrate this mode of organizational operation into the rest of the company. Like a Holacracy-style organization, we are aiming for organizational operations that are flat, without vertical relationships, and with strong emphasis on individual autonomy.

Developing unique services using the latest digital technologies, it is essential we further enhance our skills in data analysis and usage. Actually, in Indonesia, we use AI to select installation sites, and currently around 20% of ATMs have been placed at sites selected via AI. In order to fully integrate data-based business processes such as this, we launched a new organizational unit in April 2022, the Data Management Office (DMO). The office not only collects data departments want to use and provides data it has rendered visually, but it also works to ensure the security of data assets. Through such initiatives, we are aiming to firmly establish a data-driven culture at our workplaces.

Three values in my management philosophy

There are three key values when I run the company: Designing for total optimization, defining “Why” for encouraging empathy, facing with what society faces.

Designing for total optimization

When designing new services, there is a tendency for optimization to be in the department that is responsible. The ideal though is ongoing overall optimization with outsourcing partners and continual reconfiguration of DX design in line with the times. In the case of designing new services, an agile approach to development has become essential in which after a service is launched issues are promptly grasped and immediately resolved while upgrades are made on an ongoing basis. It is important to design the entirety including data optimization for grasping various phenomena from the development stage. We will constantly and flexibly meet customer needs and develop data-driven services that are seamlessly linked with the businesses of other companies.

Defining “Why” for encouraging empathy

Based on past experiences and successes, I think empathy is the most powerful driving force. By initiating new services that contribute to society and forming alliances with vigorous startups, a passion begins to burn in your heart, and when that happens, it becomes an incredibly powerful force. To collectively mobilize your colleagues and become a major force together, empathy management is important. Accordingly, instead of a top-down approach, each individual employee at the workplace questions themselves- “Why is this job necessary?” “How does this contribute to society?”—and then this is tied to output. In this way we will create an organization that allows for passionate discussion and debate with colleagues.

Facing with what society faces

Generally, there is a tendency to think of service levels to meet standards of one’s own department,

company and industry—those organizations to which you yourself belong. With the industry reorganizing and DX accelerating, however, the comparison should not be with the organization or industry to which you are affiliated. What is needed are ideas or inspiration that create the industry’s new conventional wisdom, and this is done by grasping changes in society and its needs yourself and taking an approach that did not exist previously. Based on our own past experiences, unraveling an industry’s conventional wisdom strand by strand can not only improve convenience for customers but also generate new value for society. In this sense, an industry’s conventions are a treasure trove of innovation. Questioning the conventional wisdom and sincerely facing up to societal changes and customer feedback leads to the creation of innovation.

A path towards a second stage of growth to fulfill the Purpose

As a member of Seven Bank from the time of its founding, I have tackled various challenges to contribute to its growth. Society, however, is constantly changing. We will continue to create the future ourselves based on the same approach of discarding previous successes, questioning the conventional wisdom, and making changes.

In the future, in 2050, the environment surrounding convenience stores and banks will have changed, and the way people shop and the nature of financial services, too, will have no doubt changed greatly. To enable Seven Bank to continue to serve as social infrastructure that is close and convenient, reliable and safe in this age to come, we will get on track of our second stage of growth in line with our current Medium-Term Management Plan and make the utmost effort for further sustained growth and higher corporate value.

Going forward, we will continue striving to fulfill the Purpose and to meet the expectations of all stakeholders, from customers and suppliers to business partners and employees. Thank you for your continuing support.



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Seven Bank's Growth Strategy

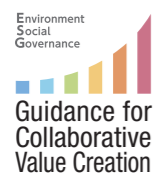
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Holding true to our core philosophy



This report has been created to provide shareholders, investors and other stakeholders with non-financial information on issues including the environment, society and corporate governance, integrated with financial information, to describe how we create corporate value in an easy-to-understand format. The report has been prepared referencing the International Integrated Reporting Council's ("IIRC") "International Integrated Reporting Framework," published in December 2013, and the Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation," announced on May 29, 2017.

About this publication

This integrated report includes information related to Seven Bank's management policy, business performance, business overview, corporate social responsibility (CSR) and financial position. It has also been prepared to include comprehensive non-financial information that supports our sustainable growth.

Forward-Looking Statements: This document contains statements concerning the current plans, expectations, strategies and beliefs of Seven Bank, Ltd. ("Seven Bank"). Statements contained herein that relate to future operating performance and that are not historical facts are forward-looking statements. Forward-looking statements may include, but are not limited to, words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict," "potential," "possibility" and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of Seven Bank, based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties, including, but not limited to, changes in the level of demand for the services offered by Seven Bank, challenges Seven Bank faces in achieving further growth and various other factors. As a result of such risks and uncertainties, the actual business results of Seven Bank may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Seven Bank disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this document does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Seven Bank's Value Creation

Mechanisms for continuous offering of values to customers and society



Seven Bank's History

Seven Bank's Origin and Striving to Create New Value

Seven Bank's Origin

"If there was an ATM at 7-Eleven, it would be more convenient ..."

Seven Bank was established in 2001 in response to such customers' wishes. We have worked to develop secure and efficient settlement infrastructure by providing ATM services that can be used "anytime, anywhere, by anyone, and with safety and security."

Today, we have grown into playing a role as part of the social infrastructure with more than 26,000 ATMs in 47 prefectures in Japan used by some 2.5 million customers a day.

What we have held dear since our founding is to stand in our customers shoes. This is our unshakable origin and driving force for the future. We strive to realize new services that goes beyond the wishes of our customers through our ATM network.

Striving to offer innovative financial services

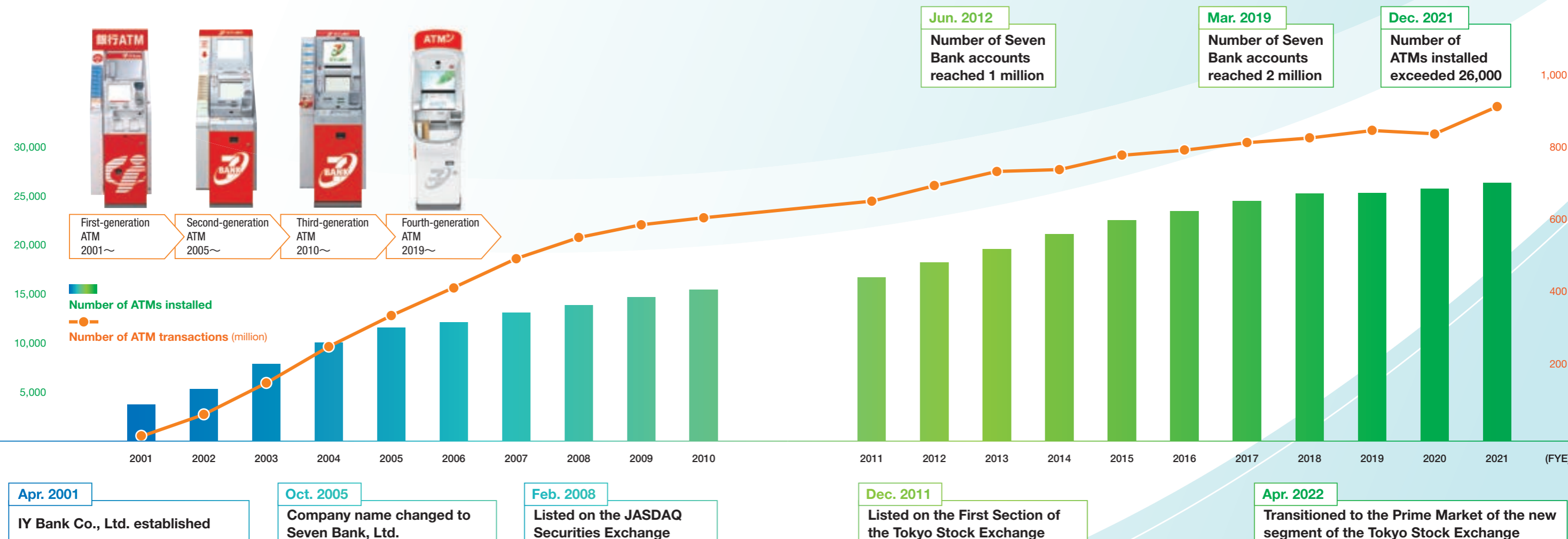
The wave of digitalization has brought about major changes in society such as electronic money and cashless settlements. Seven Bank began handling a top-up service at ATMs for *nanaco* electronic money cards in 2007. Since then, we have offered services that are the first service of its kind in Japan for the convenience of our customers, including "smartphone ATM service" that allows cash deposits and withdrawals using only smartphones, and "ATM cash receiving service" that enables companies to send money to individuals without using a bank account. Recently, we have started offering "My Seven Bank" App, which completes account opening in as little as 10 minutes through personal authentication using facial recognition and enables ATM transactions using smartphones, and transactions related to Individual Number Card at ATMs in cooperation with administrative and medical services. By striving to offer a number of firsts in Japan, Seven Bank transforms financial services into something more convenient and accessible.

Toward a Society in Which No One Is Left Behind

An era in which many types of people participate in various ways. We introduced voice guidance services to our ATMs in 2007 so that visually impaired customers can also access our ATMs with peace of mind. We have also supported the ATM transactions for cards issued overseas for tourists from overseas whose number has increased as a result of government-led promotion of tourism. In addition, we have enhanced international money transfer services for foreign nationals in Japan to remit money to their home countries with peace of mind, and multilingual support provided on ATM screens and at Contact Center. In 2020, we commenced credit-related services and purpose-specific loan services for non-Japanese residents. We are pursuing convenience for many types of customers, contributing to the realization of multicultural symbiosis.

Creating new value in a better version of daily life

The environment surrounding Seven Bank is changing dramatically. Recognizing that changes in society is a business opportunity, we respond to diversifying customers' needs. Overseas, leveraging our knowledge in the operation of ATMs, we have expanded our ATM business in Indonesia and the Philippines, starting with the United States in 2012. In addition, leveraging know-how accumulated through financial services, we are supporting settlement needs of more than 1,800 companies. We are also working on business diversification, including provision of contract-based service that integrates back-office support and systems, and fraud detection services to prevent financial crime. The Seven Bank Group, including its subsidiaries, continues to create new value in a better version of daily life, going beyond conventional banking services and utilizing digital technology.



Seven Bank's Competitive Advantage and Management Resources

Since its founding, Seven Bank has always stood in its customers shoes and continued to take on various challenges. Seven Bank's ATM services that can be used anytime, anywhere, by anyone, and with safety and security now serve as social infrastructure that meets diverse needs. They are supported by the following strengths.

1

Nationwide ATM network

We have ATMs at Seven & i Group stores, including 7-Eleven, as well as airports, stations, commercial facilities, and tourist locations to meet diverse needs of our many customers in their daily lives. In addition to traditional cash deposit and withdrawal transactions, usage of our ATMs has continued to grow as a valuable point of contact between the real and virtual world amid the trend toward cashless settlement, including top-up transactions to support diversifying settlement needs.

This ATM network, which has grown to serve as social infrastructure, is the core of our business and our unique strength.

ATM as social infrastructure

More than **26,000 ATMs** throughout Japan
Alliance Network of **620 companies**
Used by some **2.5 million customers** a day



Corporate continuous

culture of challenge

Organizational to generate

capabilities innovation

2

Realization of The Non-Stop 24/365 ATM

Seven Bank develops its ATMs jointly with its partner companies. Our ATMs, always developed from the customers' point of view and manufactured to the highest level of quality, are operating continuously, 24 hours a day, 365 day a year.

In the event of any problems, we quickly restore service with partner companies. Responding to ATM outages, providing ATM security, and securing transport require collaboration with partner companies with highly specialized skills.

ATM Call Centers monitor our ATMs 24 hours a day, 365 days a year, and our ATMs are able to achieve a 99.98% operating rate.

Relationship of Trust with Partner Companies

Development capabilities to achieve **high quality and multifunctionality**
Ability to **perform thorough security and maintenance work**
Unparalleled **system operation capabilities**



As a member of the Seven & i Group

3

Demonstrating Group synergies

Seven & i Group's **customer base**
Brand strength that drives the ability to **attract customers**
Formidable presence



Roughly 22.2 million customers visit Seven & i Group stores every day (fiscal year ended February 28, 2022). We utilize this Group's customer base to develop and provide unique financial products and services for the convenience of our customers. We work on to provide new customer experience values that seamlessly connect shopping and finance, going beyond conventional thinking, while constantly being aware of the customers' point of view and new challenges. Toward demonstrating further group synergies, we strengthen collaboration with the Group companies to create new values that connect us with our customers in their daily lives.

Integration of expertise unique to a bank and advanced DX

4

Establishing service platform

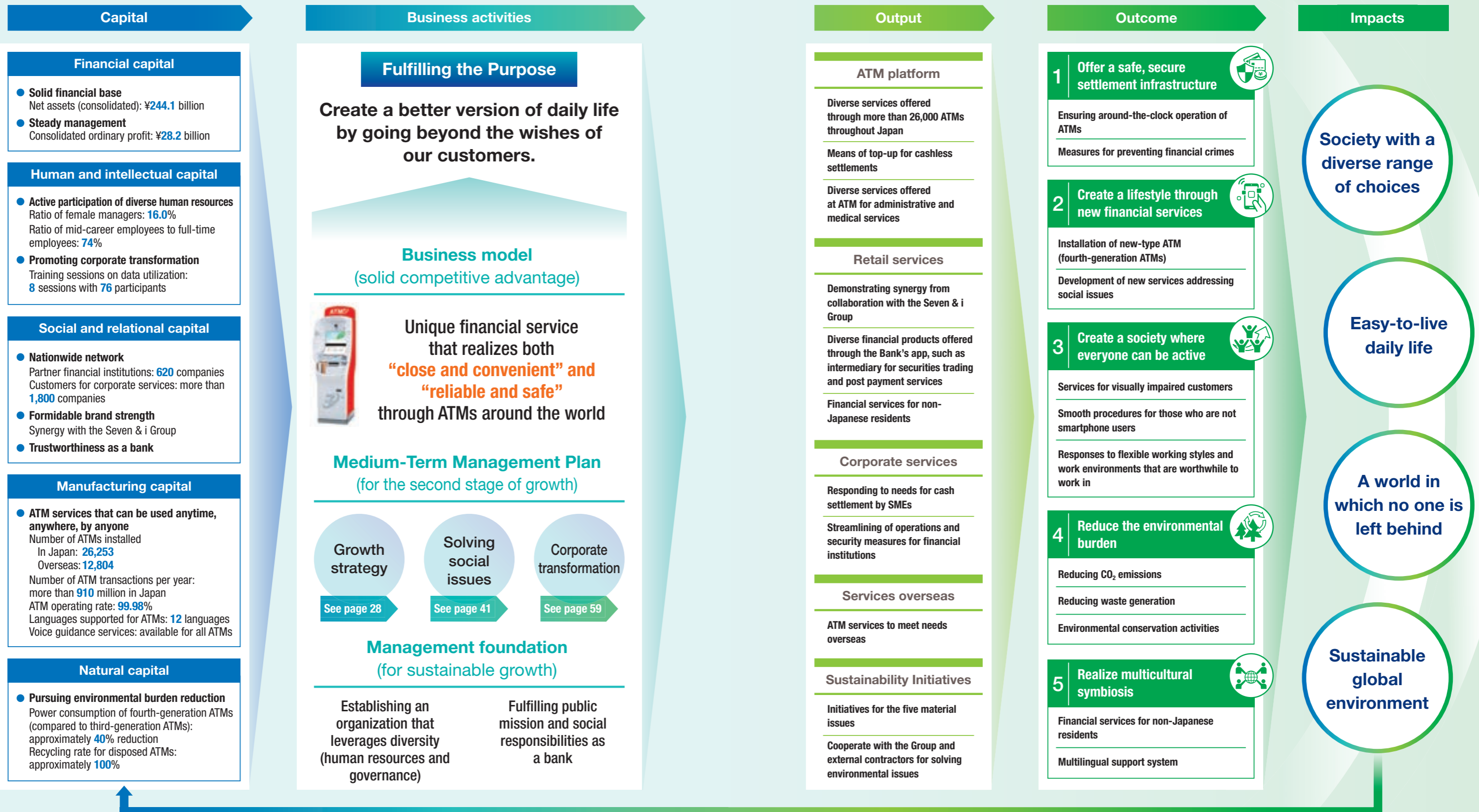
Highly reliable back-office processing capabilities
Safe and secure fund management and fund transfer
Cutting-edge authentication technology
Advanced security functions



The development of the digital society also drastically changes the business model of finance. In addition to ATM services we have developed, we combine advanced DX with our expertise and know-how we have cultivated to date such as banking back-office support and systems, authentication and security, and cash settlement functions, to create new business. Seven Bank's ATMs serve as a service platform that enables collaboration with administrative and medical services, such as an Individual Number Card and a health insurance card. Leveraging such infrastructure, we aim to meet diverse customers' needs, develop ways of using ATMs suitable for the present time, and further expand our social values.

Value Creation Process

In order for Seven Bank to achieve sustainable growth, it is essential to enhance both social and economic value by leveraging our strengths and solving social issues through our core business. Aiming to fulfill our Purpose, we work to establish a foundation for the second stage of growth as well as to build a management foundation that supports long-term growth, for enhancement of our corporate value.



Seven Bank's Long-Term Vision

To be a true social infrastructure that is always needed

People's lifestyles and financial needs change with the times. Seven Bank recognizes that these changes are an opportunity, and together with our diverse stakeholders, including our customers and partner financial institutions, aims to realize a better society and sound business development.

Seven Bank at present



Create a better version of daily life by going beyond the wishes of our customers.



A unique bank that offers convenience, reliability and trust

A company that offers social infrastructure capable to meet a wide range of needs beyond the financial boundary

Seven Bank from now on

Realize an ATM+ world

- Utilize ATMs as nationwide access terminals
- Build a platform combining multifunction ATMs and banking services

Support DX of all businesses and services to enhance convenience for consumers



Accelerate business diversification

- Pursue the convenience of UI and UX, and develop unique financial products
- Offer financial access for non-Japanese residents and tourists from overseas
- Create new customer experience value through group synergies
- Utilize ATM network worldwide

Seamlessly provide financial services necessary in every person's life



Establish sustainability management

- Cooperation with diverse stakeholders
- Realize a symbiotic society with nature
- Establish a sound management foundation
- Cultivate a corporate culture in which diversity thrives

Solve social issues and enhance corporate value through all of our business activities



The environmental changes and initiatives based on material issues

- Concerns about security as digital settlement gains popularity
- Increasing sophistication and ingenuity of financial crimes
- Acceleration of streamlining of financial institutions' operations (decrease in the number of financial institution counters and ATMs)
- Increased reliability and security as a financial infrastructure
- Diversification of settlement needs overseas

Material Issue 1: Offer a safe, secure settlement infrastructure

- Increased diversification of values and lifestyles
- Changes in needs for financial products
- Progress in cashless payment

Material Issue 2: Create a lifestyle through new financial services

- Promotion of diversity management
- A society where diverse people can experience well-being

Material Issue 3: Create a society where everyone can be active

- Increased risks from climate change
- Growing awareness of the crisis in global environmental sustainability

Material Issue 4: Reduce the environmental burden

- Increase in the number of non-Japanese persons working in Japan
- Issues related to the foundation of daily life of non-Japanese residents

Material Issue 5: Realize multicultural symbiosis

Seven Bank so far

Born from voices of customers, "It would be great to have an ATM at 7-Eleven"

Realize a world where customers can use ATMs safely and securely anytime, anywhere



Toshikatsu Kashiwaguma
Strategy and Development Division

Special Feature

Creating an “ATM+” World to Fulfill Our Purpose

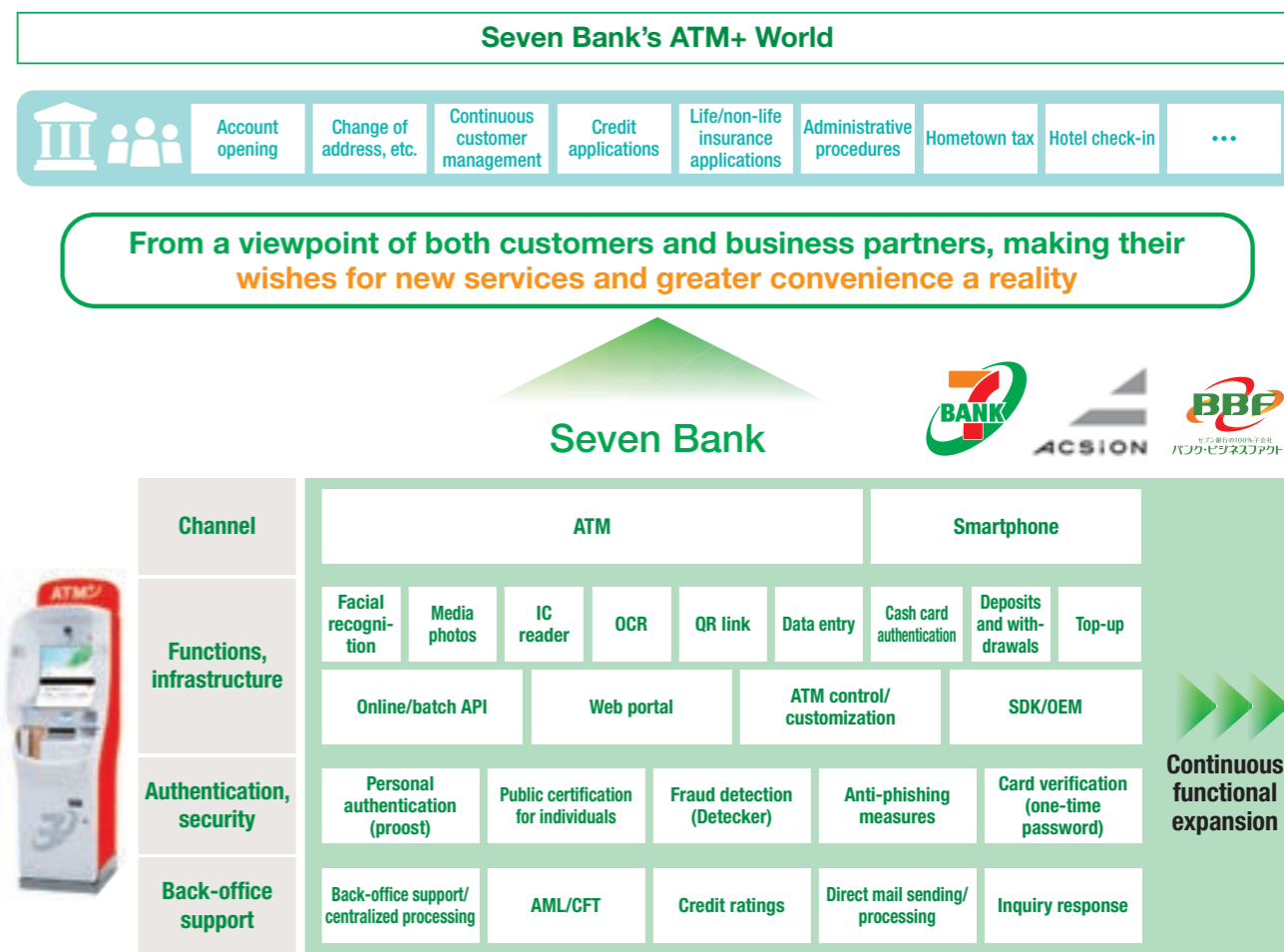
Creating a world where all procedures and authentication processes can be performed on ATMs

With a view to giving further shape to its second stage of growth, Seven Bank has established a project team to realize an “ATM+” world that goes beyond the conventional concept of the ATM and has started designing new services and conducting a variety of demonstration experiments. We interviewed Toshikatsu Kashiwaguma, the project team’s leader, on the concept of the ATM+ world and the direction of the demonstration experiments.

Aiming to establish a dominant presence by realizing an ATM+ world

Seven Bank has grown on the basis of a business model of meeting cash transaction needs by providing convenient settlement infrastructure centered around ATMs. Going forward, we believe that expanding the value provided by ATMs, as the most convenient social infrastructure and service platform for diverse needs, will lead to the Bank’s next stage of growth.

This is expressed through the idea of an ATM+ world. Services that are made possible specifically by our ATMs, which are found in 7-Eleven stores and other close, convenient locations and have a variety of functions, will be created together with financial institutions and operating companies that are our customers seeking to improve convenience for their customers, and it is our firm belief that this will greatly broaden the span of the conventional ATM world. We also believe that it will lead to the sustainable growth of the Bank.



This was our concept from the time our new-type ATM (fourth-generation ATM) was being developed. To successfully evolve from a straightforward cash platform into a service platform that provides a variety of services, our new ATM is equipped with diverse functions not found on other ATMs, including facial recognition with a high-precision camera, a reading function for QR codes*, IC cards, and personal identification documents like driver’s licenses and Individual Number Cards, and a function for sending information to smartphones.

We launched the new ATMs in September 2019, and they continue to be installed mainly in the Tokyo metropolitan area. Utilizing these functions for various needs also makes it possible to provide both financial and non-financial services, and we believe that through this the ATM+ world we envision can be realized.

*QR code is a registered trademark of DENSO WAVE INCORPORATED.

This transitional period is a major opportunity for the ATM business

At the same time, considering the business environment surrounding our company, there is no doubt that financial institution reorganization and digitalization will further accelerate. We are currently in a transition period, moving toward a digital society. But because it not possible to completely make this transition, we believe there are major opportunities for our ATM business.

In a survey of individuals conducted by our team in fiscal 2022, it was found that convenience store ATMs ranked high, next to smartphones and computers, as the channels people have the highest expectations for with regard to banking procedures and identity verification, which outranked real channels such as bank counters and post offices. Currently in Japan domestically, the smartphone

ownership rate is at a high level, but there are many people who feel that performing various procedures on a smartphone or computer is difficult, so we believe there is still room for growth in ATM usage opportunities. However, most financial institutions are reducing active investment in ATMs, as well as branches, and the number of ATMs is also declining. By utilizing our ATMs instead like it was their own channel, convenience is maintained for that financial institution's customers, and the ATMs are also available to be used as a portal for new services. If we can explore new markets for this kind of opportunities, we believe that the value of our ATM will be reexamined as an effective channel that people actively utilize.

Presenting new uses for ATMs through accumulated demonstration experiments

A major issue in realizing an ATM+ world is the difficulty that we have in gaining understanding of the concept of new value provided by ATMs from financial institutions, general operating companies, and administrative and medical institutions. This is

because most people see ATMs as being simply a cash platform primarily used for deposits and withdrawals.

This is precisely why we are conducting demonstration experiments and other testing with regional banks, operating companies, and local governments. We want to give both partner companies and their customers a concrete sense for ATM services that provide a highly convenient customer experience and improve business efficiency. While the area covered is still limited, we firmly believe these various demonstration experiments will not only lead to development of the market but also to realization of an ATM+ world.

Toward provision of a multi- service infrastructure to solve issues facing regional banks

Regional banks are currently working to consolidate/abolish their branches and ATMs and also streamline business processes through digitalization. As these measures have been carried out, some issues have been highlighted: a decline in customer touch

points resulting from branch and ATM consolidation/abolition and providing support for customers not accustomed to using digital technologies. In addition, measures to comply with laws to prevent money laundering and other financial crimes are also essential.

With the business environment of regional banks changing significantly, these banks face many management challenges, including meeting diversifying customer needs, strengthening customer contact points, and strengthening anti-money laundering measures, including customer management (customer due diligence), which is strongly demanded of financial institutions.

In order to contribute to solving the issues of regional banks, we have been promoting a variety of initiatives by utilizing its network of over 26,000 ATMs nationwide to provide an infrastructure offering diverse services, not only cash deposits and withdrawals.

We are aiming for a world where anyone can easily complete complex procedures at a nearby 7-Eleven, such as account opening, notifications

when moving, and authentication and PIN code unlocking when initiating banking services online or via an app, without visiting a bank branch in the midst of daily life.

For the first phase, we are making it possible to complete notifications when moving (notification for the change of address, telephone number, and email address) via the combination of an ATM and smartphone. We are first confirming customers' receptivity and verifying the user interface and user experience.

Providing ATMs as a touch point for operating companies to increase contact with customers

Operating companies can be roughly divided into 2 types. One is a company expected to digitize on a full-fledged basis going forward. The other one is a company addressing digital-focused business models.

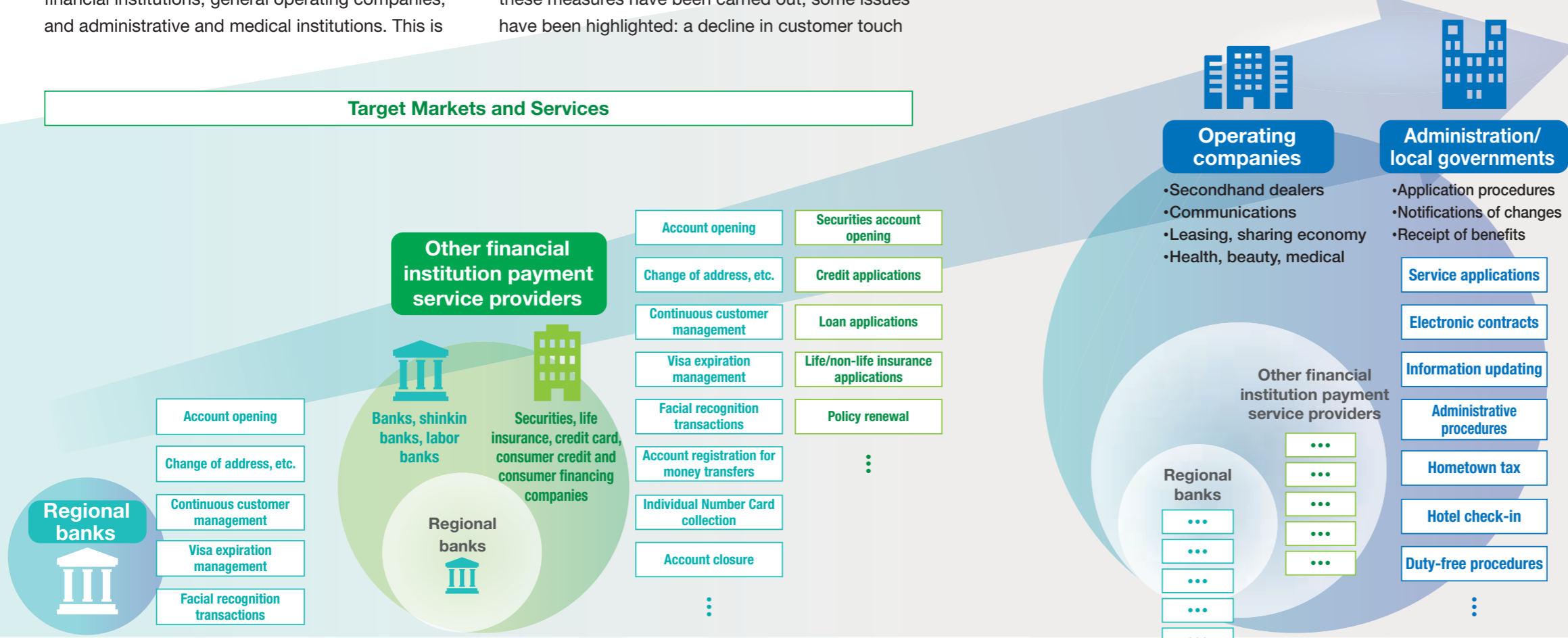
First of all, for companies expected to digitize on a full-fledged basis going forward, we will provide services equivalent to the initiatives for regional banks discussed above. As a touch point to increase contact with customers, the companies could utilize Seven Bank's ATMs to promote the digitalization of processes that have normally been handled at store counters or via postal mail and also as a real channel that allows customers to complete procedures simply and conveniently.

In the demonstration experiments, our ATMs are being utilized as a channel for procedures for initial service applications and to address deficiencies in the applications.

Realizing a world where procedures for receiving benefits, etc. can be conducted on Seven Bank ATMs without visiting a government office

Regarding services for local governments, we plan to work with fintech companies to develop systems that allow procedures to be easily conducted on ATMs and avoid the trouble of having to visit a government office or sending postal mail. For

Target Markets and Services



example, if local government benefits and other payments could be received on ATMs nationwide, residents would not be constrained by the operating hours of government service counters and could complete the procedures at a nearby 7-Eleven while shopping. This would also make it possible to conduct procedures anytime, anywhere regardless of location, whether visiting one's parents or living with them temporarily after the birth of a child, for instance. Moreover, combining this with the ATM cash receiving service that allows money to be transferred without having an account, provided by Seven Payment Service, Ltd., a subsidiary of the Bank, will help streamline local government screening and account verification processes.

In demonstration experiments in collaboration with Shibuya City, Tokyo, Kakogawa City, Hyogo Prefecture and govtech platformers, we are verifying demand and conducting service evaluations on digital applications and the potential for receiving benefits and other payments via ATMs.

Promotion by a project team made up of voluntary members with diverse backgrounds

We launched an internal project team in fiscal 2021 for realization of an ATM+ world. The project team

is not an organization formed by top-down order; its members are primarily young volunteers. The members have various backgrounds, and they participate in the project while sharing their thoughts and opinions with one another as they work toward the same goal. In order to meet expectations as the project leader, though still relatively inexperienced myself, I try to draw out the knowledge, experience, and other strengths of each individual member and drive the project forward while combining all of these strengths.

Society will continue to change. We will strive to skillfully catch the wave of these changes to create an ATM+ world that meets the needs of customers. And, by establishing ATMs as a service platform, we will have third parties participate that can embed new functions and create an ATM network as a new form of social infrastructure. I believe that this shall be the realization of continuing to generate "a better version of daily life," which is our Purpose.

Please expect the most from Seven Bank as we work going forward to realize an ATM+ world.



Seven Bank's Growth Strategy

Progress on the roadmap to our second stage of growth



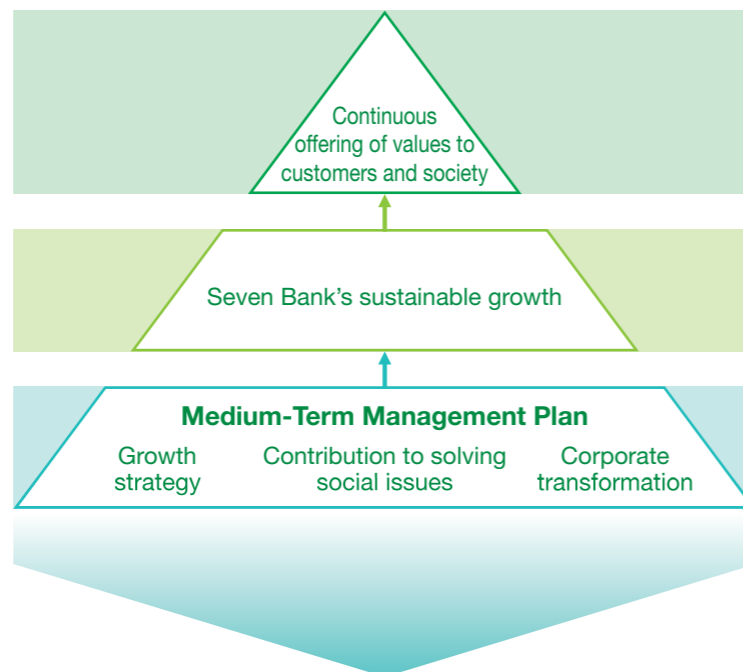
Summary and Review of Medium-Term Management Plan (FY2021–FY2025)

Vision of Medium-Term Management Plan

Seven Bank's Approach to Management

To realize the continuous provision of value to customers in line with a society that changes with the times is what will lead to the sustainable growth of Seven Bank.

In our Medium-Term Management Plan, which started in fiscal 2021, we position the five years to fiscal 2025 as the period for giving shape to our second stage of growth. As a unique bank that succeeds in being close-by, convenient, reliable, and secure, we will continue taking on the challenge of new initiatives that provide support for people and society, with a focus on the three pillars of growth strategy, contribution to solving social issues, and corporate transformation.

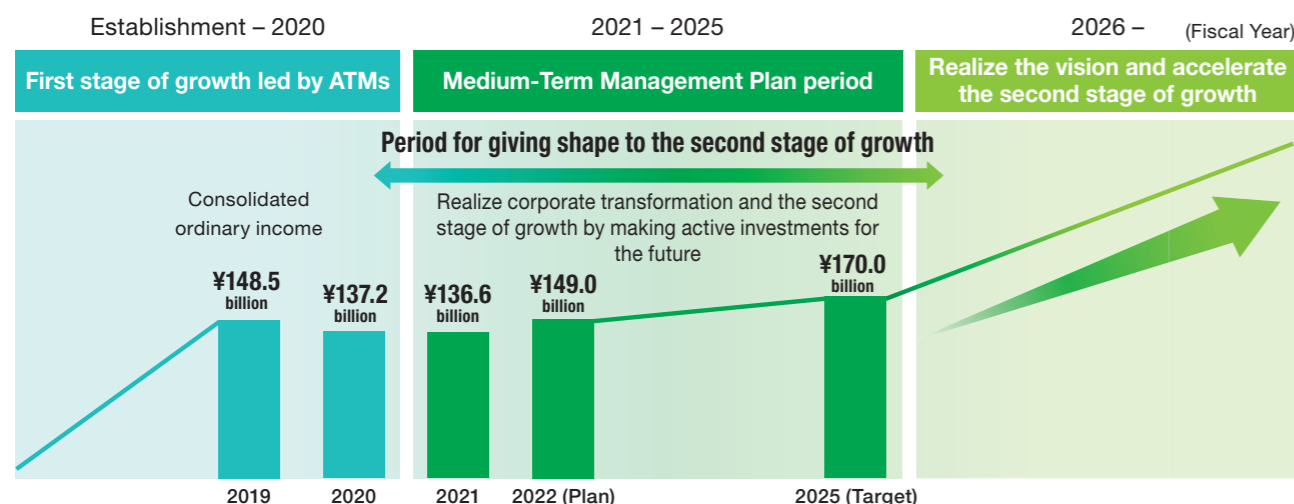


Overview of Plan

Growth Strategy								
<ul style="list-style-type: none"> Evolve from cash platform to ATM+ Expand growth fields that come after ATMs by leveraging our strengths (business diversification) 	Domestic business	<table border="1"> <tr> <td>Core</td> <td>ATM platform strategy</td> </tr> <tr> <td>Growth</td> <td>Retail strategy</td> </tr> <tr> <td></td> <td>Corporate strategy</td> </tr> </table>	Core	ATM platform strategy	Growth	Retail strategy		Corporate strategy
	Core	ATM platform strategy						
Growth	Retail strategy							
	Corporate strategy							
	Overseas business	Overseas strategy						

Contribution to solving social issues	Corporate transformation
<ul style="list-style-type: none"> Review basic policy and structure of sustainability promotion Further develop initiatives for the five material issues Cooperate with the group and external contractors for solving environmental issues 	<ul style="list-style-type: none"> Reform into an organization where independent human resources can play active roles Innovation of business model and process with focus on data utilization and efficiency improvement

Positioning of Medium-Term Management Plan Period



Growth Strategy of Medium-Term Management Plan

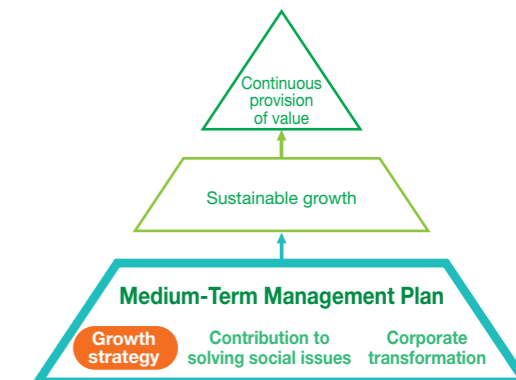
Our ATM platform strategy, a core area, will give shape to upgraded ATM services that go beyond the wishes of our customers in response to the cashless society and accelerating digitalization.

In our retail strategy, which is one of the growth fields, we will strengthen coordination with the Seven & i Group and develop unique financial services, and we will also roll out international money transfer services and financial services for foreign nationals.

For our corporate strategy, we are working to expand our business by developing back-office support and security services leveraging the knowledge we have cultivated through our banking operations.

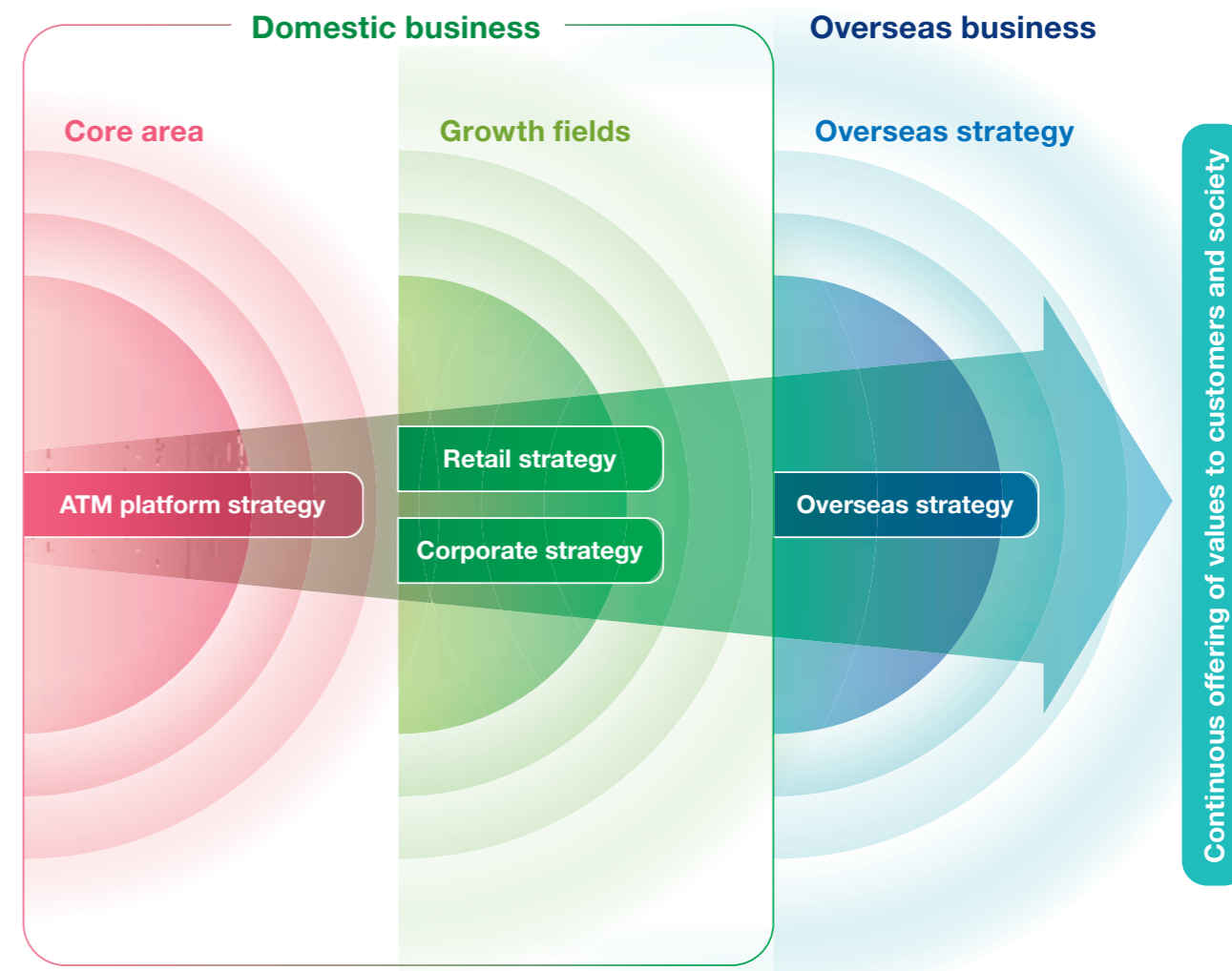
Moreover, leveraging know-how in ATM operations accumulated to date, we will move forward with global development of the ATM business through consolidated subsidiaries in the U.S. and Asia.

We will then develop multi-layered financial services utilizing ATM user data.



Diversify Business and Give Shape to the Second Stage of Growth

Growth Strategy and Expansion of Business Fields



ATM Platform Strategy (Core Area)

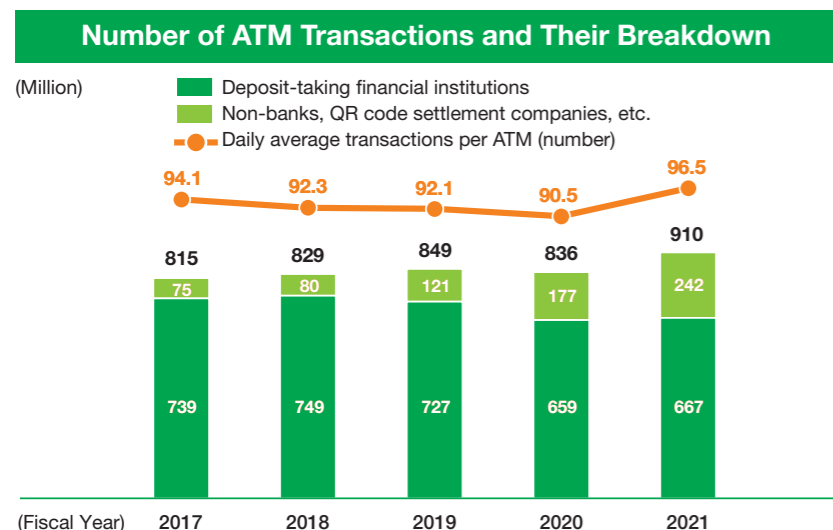
For our ATM platform strategy, one of the growth strategies in our Medium-Term Management Plan (2021-2025), we will focus on upgrading for a new stage and work to increase the social value of ATMs.

Establishing a Presence for ATMs in the Cashless Society

With the acceleration of a cashless society, top-up transactions for electronic money and smartphone settlements are increasing in number. In addition, partnerships with new local currencies issued by local governments are also increasing.

At the same time, commercial and transportation facilities have increasingly been requesting the installation of Seven Bank ATMs capable of cash top-up transactions.

As a familiar entry point into the digital society, we intend to further enhance the presence of ATMs.

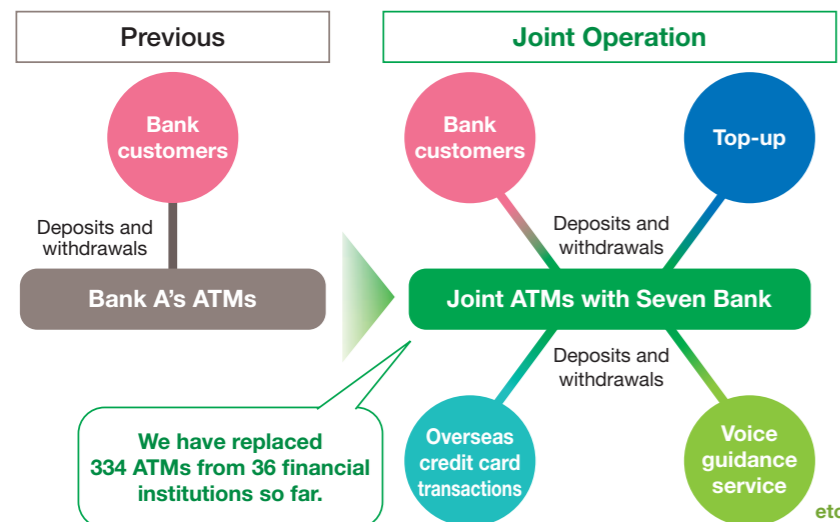


Installed in major train stations, etc.

Non-banks, etc.: total of securities companies, life insurance companies, credit card companies, credit companies, consumer finance companies, QR code settlement companies, etc.

Supporting Streamlining by Financial Institutions

With banks working to streamline operations through branch reorganization and other measures, we will leverage the extensive operational know-how in ATMs cultivated by Seven Bank to date to move forward with joint operation of ATMs with other banks. Joint ATM operations with Seven Bank not only lowers operating costs for other banks and the like but also helps improve convenience for their customers.



Joint ATMs with the TOHO BANK, LTD. (installed in York-Benimaru)

Evolution From a Cash Platform to a Service Platform

Digitalization is accelerating at financial institutions and in government administration. Many procedures that had been conducted face-to-face at banks and government offices can now be conducted on a smartphone.

Seven Bank would like to realize the digital society that allows people to choose the method that best suits them from among various options, whether the person is familiar or unfamiliar with using a smartphone.

We will expand services that allow financial, administrative, and other procedures to be completed through our over 26,000 safe and secure ATMs located close-by throughout the country.

Through ATM+, we will help digitize society in which no one is left behind.

ATM+

- Financial:**
 - Account opening
 - Cardless deposits and withdrawals (facial recognition)
 - Various procedures (change of address, etc.)
- Administrative:**
 - Applications for Individual Number Card Points
 - Applications to Use an Individual Number Card as a Health Insurance Card
 - Receipt of local government benefits
- Operating companies:**
 - Automated hotel check-in
 - Membership applications for secondhand buying and selling

Facial recognition function
QR code* reading
Smartphone data linkage

Realization of Digital Society in which No One is Left Behind

*QR code is a registered trademark of DENSO WAVE INCORPORATED.
Note: Demonstration experiment underway aimed at full-fledged rollout (as of March 31, 2022)

Replacement with Fourth-Generation ATMs

Fourth-generation ATMs with ATM+ functions are being installed as replacements in the Kanto area as of September 2019, and we expect to complete the process for over 26,000 ATMs nationwide in fiscal 2024. As of March 31, 2022, the upgrade has been completed for around 40% of the total, which is more than 10,000 ATMs.

- Advanced camera and high-precision facial recognition technologies achieve personal authentication that is fast and secure.
- A large, surrounding visor gives a sense of privacy by reducing concerns about someone standing nearby glancing at another person's transaction.
- In addition to a contactless IC reader for topping up electronic money and other functions, ATMs can read driver's licenses, Individual Number Cards, passports, and other personal identification documents, and also have a QR code* reader function.
- Bluetooth communication provides smooth connection to a smartphone.
- ATMs can automatically detect financial crime and notify an ATM Call Center that conducts monitoring 24 hours a day.

Units: Fourth-generation ATM (Green), Third-generation ATM (Grey)

(Fiscal Year)	2019	2020	2021
Third-generation ATM	24,065	19,656	16,075
Fourth-generation ATM	1,150	6,020	10,178

Retail Strategy (Growth Fields in Japan [1])

In our retail strategy, we will provide innovative financial services not constrained by conventional concepts in order to support the daily lives of individual customers.

Strengthening Our Lineup of Banking Services

Pursuing the unique products typical of Seven Bank, which has its DNA in general distribution, we will strengthen our lineup in such areas as credit, investment, and insurance. In addition, a major task for us going forward will be to strengthen coordination with the Seven & i Group in order to have our services used by the Group's approximately 22.2 million daily customers.

Simple and Quick Seven Bank Account Opening

- Download the My Seven Bank app
- Apply
Account opened in as little as 10 minutes after application
- Once the account is opened, make deposits and withdrawals using a smartphone at Seven Bank ATMs

Support DX Award 2021

The My Seven Bank app won the Support DX Award 2021

Cumulative downloads (number)

Mar. 31, 2021	620,000
Mar. 31, 2022	1.51 million

Once an account is opened, Seven Bank's unique products and services can be used

Loan services
Loans available in as little as two days after applying for Loans. Available 24 hours a day in principle at 7-Eleven stores nationwide

Debit services
No annual membership fees. Awarded nanaco points for the use of the service

Shopping Investment "Korekabu"
(Service scheduled to launch in FY2022)
An easy, convenient investment service akin to shopping

The time from application to use is at the shortest level in Japan

Began Providing Seven Bank Post Payment Service

With the spread of e-commerce, the amount handled in the buy now pay later (BNPL*) market (by BNPL service providers) is projected to increase to around ¥2 trillion by fiscal 2025.

Seven Bank began providing the Seven Bank Post Payment Service to outside service providers (prepaid card issuers) in September 2019. The amount handled in fiscal 2021 reached ¥21.0 billion.

We will work to further enhance the service, drawing on the small credit know-how cultivated by Seven Bank and taking advantage of the convenience of being able to make repayments anytime at close-by ATMs. (See page 47 for details.)

Seven Bank Post Payment Service

Customers ↔ External service providers ↔ SEVEN BANK

Provision of services / Merchant contracts / Provision of post payment services

Domestic BNPL Service Market Size Trend and Forecast
Graph shows handling volume (billions of yen)

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025
Volume (billions of yen)	572	687	879	1,089	1,329	1,534	1,726	1,909

Note 1: Based on handling volume of BNPL service providers
Note 2: FY2021 is an estimate; FY2022 and later are forecasts (as of March 2022)

Source: "E-Commerce Settlement Service Providers Market in Japan: Key Research Findings 2022," Yano Research Institute Ltd.

FY2021 Handling Volume

¥21.0 billion

FY2021 Number of Transactions

1,695,000

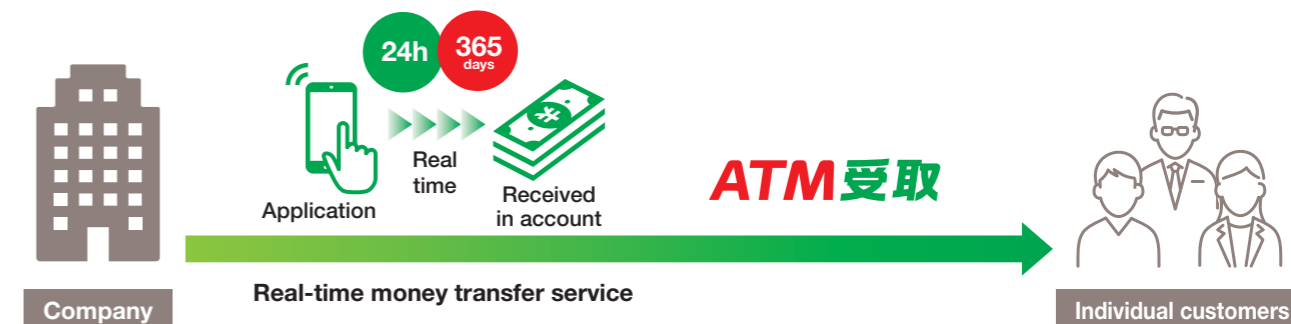
Corporate Strategy (Growth Fields in Japan [2])

For our corporate strategy, with financial industry services and players, starting with fintech, becoming increasingly borderless, and with new payment methods emerging using the latest digital technologies, we will take on the challenge of developing convenient, secure services that leverage the strengths of Seven Bank, in our ATMs in particular.

Providing a New Fund Settlement Mechanism [B to B: Direct Sales Business]

The ATM cash receiving service provided by consolidated subsidiary Seven Payment Service, Ltd. allows money transfers from companies to be received in cash or electronic money without going through a bank account. Along with repayment and prepayment rewards, its applications continue to expand, for receiving money from cashback campaigns and insurance payouts, for example. As of March 31, 2022, the number of companies contracted has increased to 570.

In addition, with employment formats diversifying during the COVID-19 pandemic, applications have been increasing from various companies for our real-time money transfer service that allows salaries and other payments to be received 24 hours a day, 365 days a year, in principle.



Support for Digitalization and Streamlining of Financial Institutions and Other Organizations [B to B to X: Platform Business]

Consolidated subsidiaries Bank Business Factory Co., Ltd. and ACSiON, Ltd. are harnessing the know-how and products related to bank back-office support and security cultivated thus far by Seven Bank to expand service provision to financial institutions and other customers.

The August 2021 report of the Financial Action Task Force (FATF) strongly urges financial institutions to reinforce their anti-money laundering measures. Through service provision by both companies, we will actively provide various types of support for financial institutions.

<p>Seven Payment Service, Ltd.</p> <p>Settlement function ATM cash receiving and ATM cash collection</p> <p>Creating lifestyles through new financial services</p> <p>We provide a service for receiving money transfers from companies (ATM cash receiving service) and a cash collection service (ATM cash collection service).</p> <p>セブン・ペイメントサービス</p> <p>Transacting companies*: 570</p>	<p>Bank Business Factory Co., Ltd.</p> <p>BPO Back-office support service</p> <p>Realizing safe, secure, bank-quality BPO</p> <p>Drawing on our know-how in bank back-office operations, we provide services for back-office support and anti-money laundering measures, as well as assistance in optimizing back-office processes using RPA.</p> <p>BBF</p> <p>Transacting companies*: 32</p>	<p>ACSiON, Ltd.</p> <p>Security Cash platform provision</p> <p>make world be honest</p> <p>We are developing a platform for fraud detection services and online personal authentication services with the goal of helping stabilize and further develop the financial infrastructure.</p> <p>ACSiON</p> <p>Transacting companies*: 46</p>
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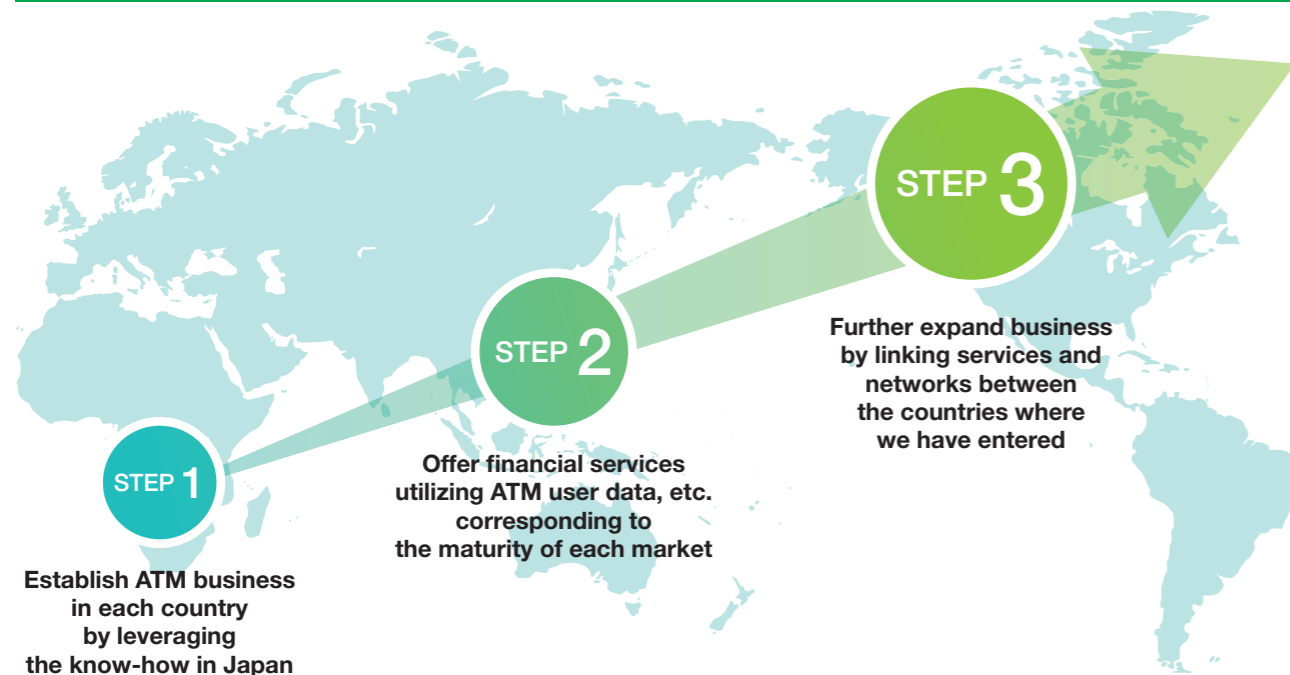
*Transacting companies as of March 31, 2022.

Overseas strategy

In our overseas strategy, we will develop multi-layered financial services with ATM services as the entry point.

Leveraging our ATM operations know-how, we are developing ATM services in the United States, Indonesia, and the Philippines. To achieve stable operation of ATM services, we will steadily increase the number of ATMs and partners as we work to establish an ATM network that meets the settlement needs of each market.

Develop multi-layered financial services in each country with the ATM business as an entry point

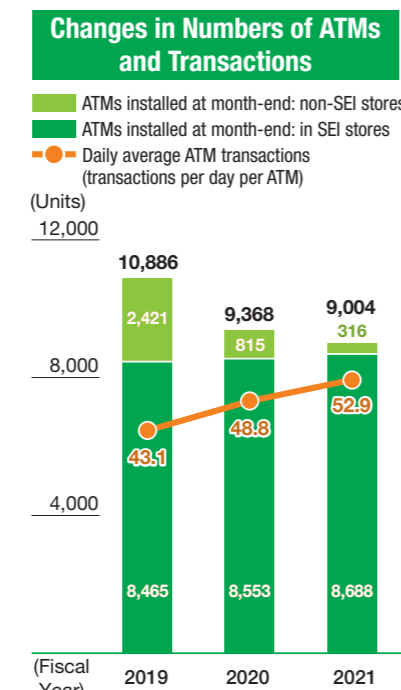


The United States

FCTI, Inc., a consolidated subsidiary in the U.S., has a domestic network of around 9,000 ATMs.

In February 2022, the company finished eliminating low-profit ATMs installed at non-7 Eleven stores to successfully improve its financial position. Along with providing stable ATM services based on our extensive ATM network, going forward we will develop multi-layered financial services through the ATM business.

In addition, pursuing group synergies with 7-Eleven, Inc., a Seven Eleven operating company in the U.S., we will build positive partnerships over the long term.



Note: The number of ATM transactions in the U.S. includes balance inquiries.



Indonesia

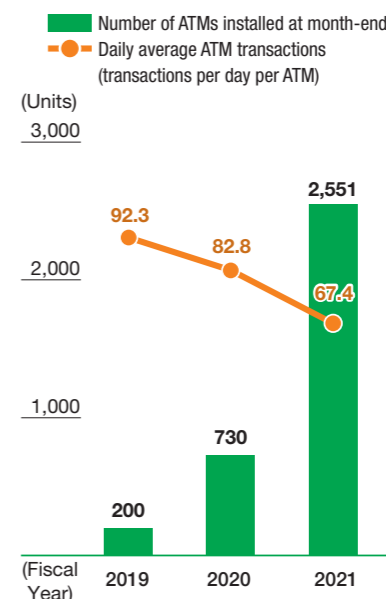
PT. ABADI TAMBAH MULIA INTERNASIONAL (ATMi), a consolidated subsidiary of the Bank in Indonesia, operates a network of approximately 2,550 ATMs located mainly in local convenience stores.

In Indonesia, which has the world's fourth largest population and where financial services have been broadening their reach, ATM demand has been rising sharply.

Additionally, with local convenience store chains actively opening new stores recently, ATMi is receiving many requests for ATM installations.

Responding to this demand, the company will expand ATM development to various regions within Indonesia and contribute to the continuing spread of financial services.

Changes in Numbers of ATMs and Transactions



Note: The number of ATM transactions in Indonesia includes balance inquiries.



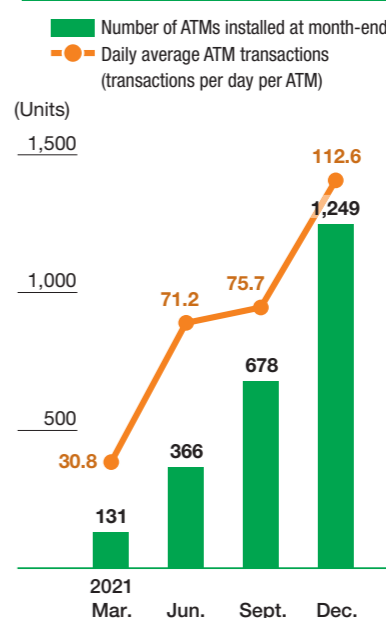
Philippines

Pito AxM Platform, Inc. (PAPI), a consolidated subsidiary of the Bank in the Philippines, started the ATM operation business in the Philippines in February 2021.

In fiscal 2021, the business environment continued to be challenging with the government issuing stay at home orders due to the spread of COVID-19, but PAPI was able to continue installing ATMs according to plan. Currently, there is a network of around 1,250 ATMs at 7-Eleven stores in the Philippines, and the number of transactions has been steadily increasing as well.

Going forward, PAPI will work to further increase the number of transactions by continuing installing ATMs at approximately 3,000 7-Eleven stores in the Philippines, while at the same time partnering with more banks.

Changes in Numbers of ATMs and Transactions



Note: The number of ATM transactions in the Philippines includes balance inquiries and excludes sales proceeds received.

Pito AxM Platform, Inc.



Financial/Capital Strategy

Aim to achieve both growth investment for future advance and stable shareholder returns

Policy

Seven Bank has a policy of both continuously making growth investments and providing stable returns to shareholders while maintaining a solid financial base in order to work for sustainable growth.

Solid Financial Base

1 Capital Adequacy Ratio

As of Mar. 31, 2022

(Consolidated, Japanese standard)

47.31%

2 Credit Ratings (Long-Term)

S&P Global Ratings (S&P)	A
Rating and Investment Information, Inc. (R&I)	AA-

3 Balance Sheet

Cash for replenishing ATMs, which is needed for the domestic ATM business, our core business, is primarily funded with the deposits of our customers who have Seven Bank accounts.

To prepare for higher interest rates in the future, we will utilize deposit transactions from receipt of sales proceeds and top-ups and thereby work to raise capital efficiency related to ATM replenishment cash.

Financial Position [Consolidated] Balance Sheet (as of March 31, 2022)

Assets		Liabilities and net assets	
Cash and due from banks (for ATM replenishment, etc.)	931.4	Deposits (Individual deposits: 550.7)	790.6
Securities	89.9	Bonds	105.0
ATM-related temporary payments	84.4	ATM-related temporary advances	49.2
Other assets	115.9	Other liabilities	32.7
Assets	1,221.6	Liabilities and net assets	1,221.6
		Net assets	244.1

Financial Goals

Creating a firm path to the second stage of growth through evolution of ATMs and business diversification

In order to realize a second stage of growth under our Medium-Term Management Plan, we will first need to create new revenue opportunities through ATM evolution, business diversification, and other measures.

We are aiming for consolidated ordinary income of ¥170.0 billion in the final fiscal year of the Medium-Term Management Plan (FY2025). To achieve this income target, we will actively make anticipatory investment while also simultaneously raising management efficiency to work for consolidated ordinary profit of ¥35.0 billion and ROE of 8% or higher.

Medium-Term Management Plan KPI

	Target for FY2025	Fiscal Year Ended March 31, 2022 (Results)	Fiscal Year Ending March 31, 2023 (Forecasts)
Consolidated ordinary income	¥170.0 billion <small>Average annual growth rate during Medium-Term Management Plan period: 5%</small>	¥136.6 billion	¥149.0 billion (YoY: +9%)
(Domestic business)	¥125.0 billion	¥112.0 billion	
(Overseas business)	¥45.0 billion	¥24.6 billion	
Consolidated ordinary profit	¥35.0 billion	¥28.2 billion	¥28.0 billion
EBITDA*	¥60.0 billion	¥44.6 billion	¥48.0 billion
ROE	8.0% or more	8.7%	—

*EBITDA = ordinary profit + depreciation and amortization

Financial Strategy

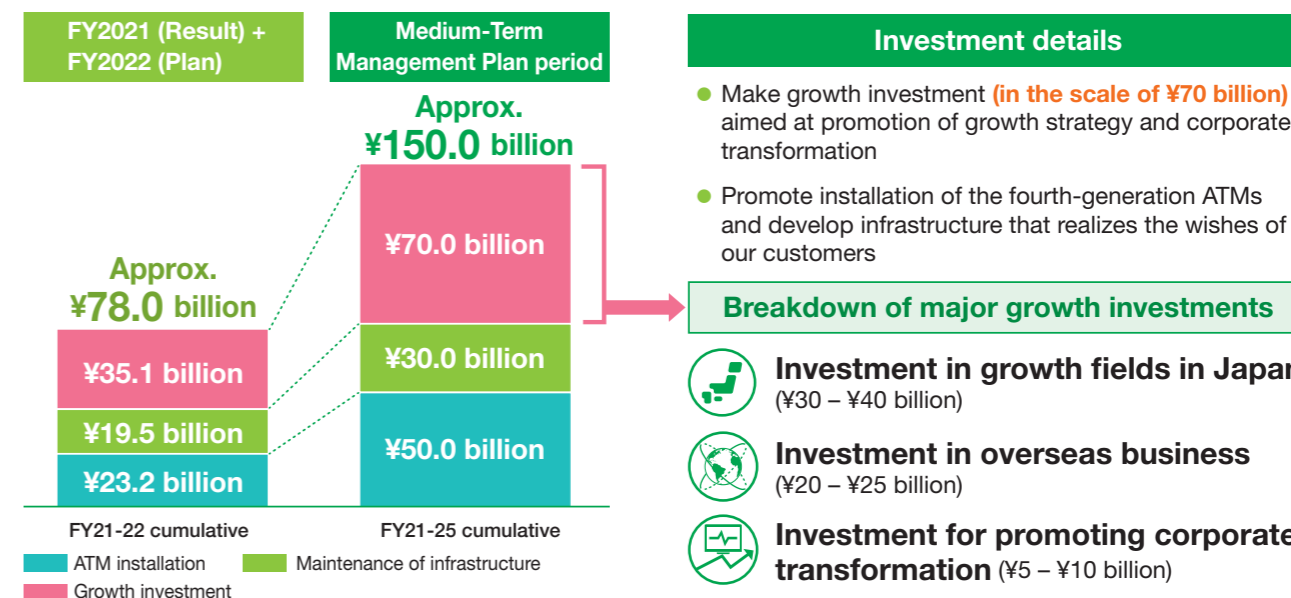
Accelerating investment in growth areas for future profit expansion

We will invest a total of ¥150.0 billion during the period of the Medium-Term Management Plan.

This investment will include approximately ¥70 billion in growth, approximately ¥30 billion in maintenance of infrastructure, such as updating systems related to core business, and approximately ¥50 billion in new ATMs.

As the breakdown of growth investment, we will systematically invest ¥30 to ¥40 billion in growth fields in Japan, ¥20 to ¥25 billion in overseas business, and ¥5 to ¥10 billion in promoting corporate transformation.

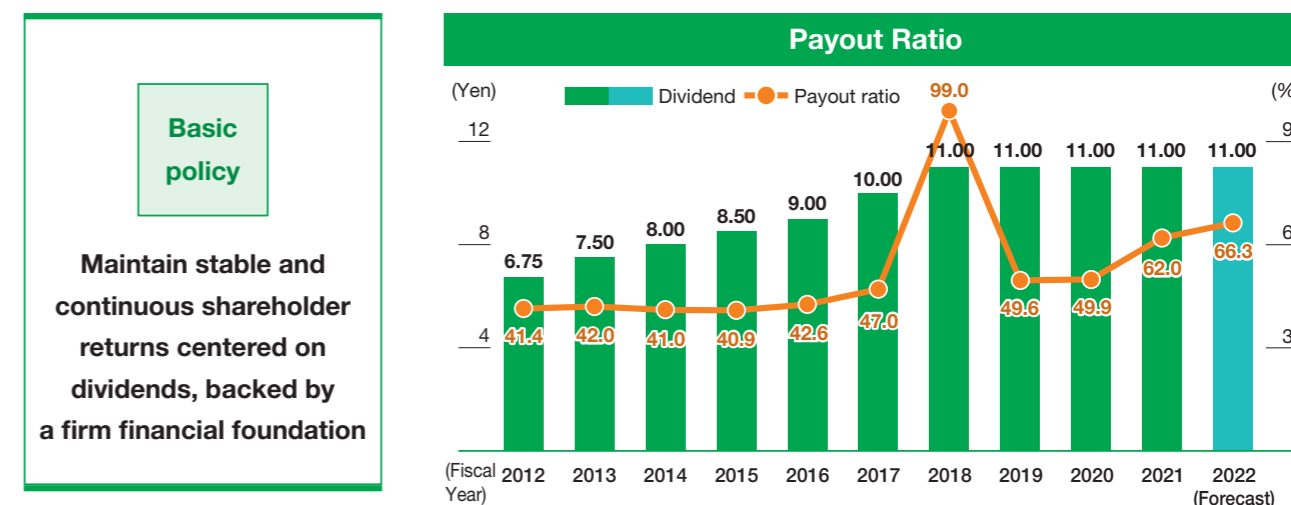
For fiscal 2021 and 2022, on a cumulative basis, the Bank is planning investment of ¥78.0 billion, which accounts for around 50% of the approximately ¥150.0 billion in total investment under the Medium-Term Management Plan.



Shareholder Returns

Maintaining a firm financial foundation and providing stable shareholder returns

Seven Bank has maintained stable and continuous dividends backed by its firm financial foundation. During the Medium-Term Management Plan period, we will aim to maintain stable and continuous dividends while taking into account the actual dividend amount. We will also maintain a payout ratio of 40% or more and provide stable shareholder returns at the same time, while using cash flow* to fund active investment for future growth. Cash flow: Net income + depreciation and amortization



IR Communication

Promoting Close Communication

Seven Bank aims to deepen the understanding of shareholders and investors in its business activities by providing accurate information on the financial position and management strategies of the Bank. We utilize the evaluation of the Bank on the stock market for our management and further enhance our IR communication, thereby increasing corporate value.

Web

Our disclosure policy is posted on the following website:

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

To Deepen Communication with Shareholders and Investors

To facilitate the understanding of shareholders and investors of its business activities, Seven Bank conducts active disclosure of management information that goes beyond statutory disclosure.

Tools for Dialogue

- Distribution of videos, audio recordings, and transcripts of the presentations of financial results for analysts and institutional investors (Japanese and English)
- Issuance of Integrated Report (Business Report) in Japanese
- Issuance of Annual Report in English
- Issuance of Shareholders' Newsletter in Japanese
- Posting of information on the Bank's website for individual investors in Japanese
- IR presentations for individual investors (online)



Website for individual investors

IR Calendar (Major activities in fiscal 2021) *For analysts and institutional investors

	April	May	June	July	August	September	October	November	December	January	February	March
Financial Statements		● Financial results for the fiscal year ● Presentation about financial results (conference call*) ● Annual General Meeting of Shareholders		● Financial results for the first quarter ● Conference call*				● Financial results for the second quarter ● Presentation about financial results (conference call*)			● Financial results for the third quarter ● Conference call* ● IR presentation for individual investors	
Communication with Useful Tools				● Issuance of Integrated Report (Business Report) in Japanese				● Issuance of Shareholders' Newsletter in Japanese		● Issuance of the Interim Business Report in Japanese		● Issuance of Annual Report in English

Seven Bank Group in Terms of Numbers (Key Figures)

Unless specifically stated otherwise, figures are as of fiscal 2021 or March 31, 2022.

Number of ATMs installed

Japan **26,253**

Over-seas **12,804**
(as of December 31, 2021)

Number of ATM transactions per year

910.01 million

Average number of transactions per ATM per day

96.5

ATM operating rate

99.98%

Number of partner financial institutions, etc.

620

Number of customers using ATMs

Approx. **2.5** million per day

Number of individual accounts

2.52 million

*Figures are for Japan only, except for number of ATMs installed.

System that is easy to use for anyone, regardless of nationality

Number of remittances via international money transfer services per year

1.10 million

Note: Includes services offered by Seven Global Remit, Ltd.

For account deposit/withdrawal and international money transfer services

10 languages

Note: Contact centers, etc.

For cards issued overseas

12 languages

Note: ATM screens, receipts, etc.

Corporate services that leverage our strengths

Seven Payment Service, Ltd. Number of companies concluding service agreements

570

Bank Business Factory Co., Ltd. Number of business partners outside the Seven Bank Group

32

Pursuing environmental functions

Power consumption of fourth-generation ATMs compared to third-generation ATMs

Approx. **40%** reduction

Recycling rate for disposed ATMs

Approx. **100%**

Promoting active participation of diverse human resources

Percentage of employees with disabilities

2.4%

Number of employees who took childcare leave

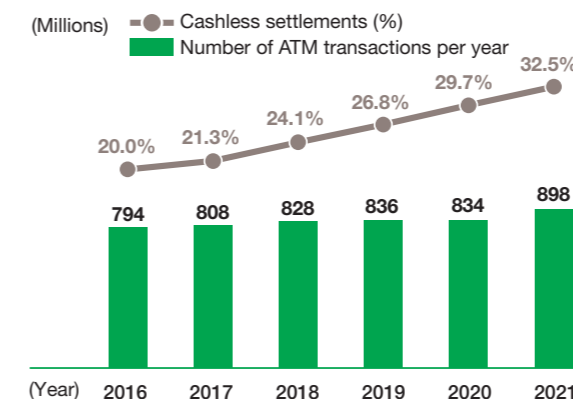
Male **2** Female **13**

Number of female managers and percentage of women in management roles

28 / 16.0%

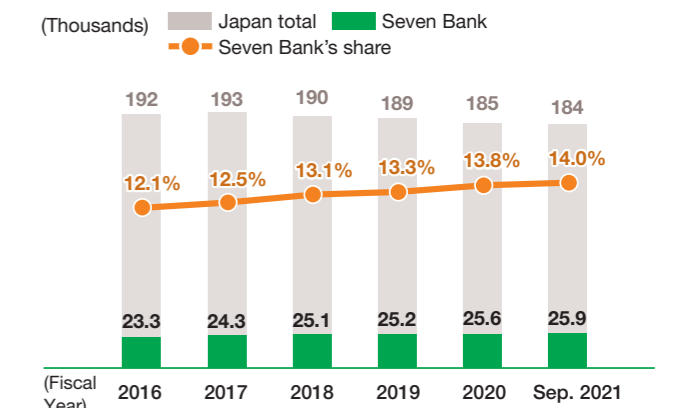
Reference Data

Percentage of cashless settlements and number of ATM transactions per year in Japan (annual total, Jan.-Dec.)



Source: Prepared based on statistics published by the Ministry of Economy, Trade and Industry of Japan

Numbers of total ATMs in Japan and Seven Bank ATMs, and Seven Bank's share



Source: Research by Seven Bank

Performance Figures

Financial Highlights

		Non-consolidated		Consolidated										(Fiscal Year)
Amounts less than one unit have been truncated.		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Items on the Statement of Income:	Ordinary income	(Millions of yen)	83,964	88,318	94,965	105,587	114,036	119,939	121,608	127,656	147,288	148,553	137,267	136,667
	Ordinary expenses	(Millions of yen)	56,514	58,761	63,094	69,801	76,997	82,772	84,897	89,350	106,574	108,716	101,626	108,412
	Ordinary profit	(Millions of yen)	27,449	29,557	31,871	35,786	37,038	37,167	36,710	38,305	40,714	39,836	35,640	28,255
	Net income ¹	(Millions of yen)	16,008	17,267	19,377	21,236	23,220	24,716	25,114	25,301	13,236	26,162	25,905	20,827
	Depreciation and amortization ²	(Millions of yen)	11,603	12,355	14,001	12,493	16,251	18,779	18,766	17,102	17,529	14,634	14,070	16,388
	EBITDA ²	(Millions of yen)	39,052	41,912	45,872	48,279	53,289	55,946	55,477	55,408	58,244	54,471	49,710	44,644
Items on the Balance Sheet:	Total assets	(Millions of yen)	600,061	652,956	812,531	790,377	856,415	915,385	957,792	1,022,485	1,141,926	1,085,885	1,197,158	1,221,623
	Deposits ³	(Millions of yen)	333,382	372,271	394,615	438,348	502,285	547,865	572,353	623,581	679,474	684,560	783,408	790,687
	Total liabilities	(Millions of yen)	485,522	527,326	674,486	636,968	686,525	730,590	758,710	810,458	929,036	863,051	962,482	977,509
	Total net assets	(Millions of yen)	114,539	125,629	138,045	153,408	169,890	184,794	199,081	212,027	212,890	222,833	234,676	244,113
Per share data ⁴ :	EPS (Earnings per share)	(Yen)	13.19	14.49	16.27	17.83	19.49	20.75	21.07	21.24	11.11	22.14	22.01	17.71
	DPS (Dividend per share)	(Yen)	5.20	6.20	6.75	7.50	8.00	8.50	9.00	10.00	11.00	11.00	11.00	11.00
	Payout ratio	(%)	39.3	42.7	41.4	42.0	41.0	40.9	42.6	47.0	99.0	49.6	49.9	62.0
Management indicators:	EBITDA margin ⁵	(%)	46.5	47.4	48.2	45.7	46.7	46.6	45.6	43.4	39.5	36.6	36.2	32.6
	ROE (Return on equity) ⁶	(%)	13.2	13.5	14.7	14.6	14.4	13.9	13.1	12.3	6.2	12.0	11.3	8.7
	Capital adequacy ratio ⁷	(%)	19.0	19.2	16.9	19.3	19.7	20.1	20.7	20.6	18.6	20.3	19.4	19.8
	PER (Price-to-earnings ratio)	(Times)	12.6	12.3	18.7	22.7	30.4	23.1	17.2	15.9	29.4	12.6	11.4	13.4
Cash flow:	Cash flow from operating activities	(Millions of yen)	125,487	1,401	118,550	91,940	99,931	66,482	88,118	31,466	117,471	89,619	136,039	41,311
	Cash flow from investing activities	(Millions of yen)	(23,140)	(11,703)	(6,927)	(50,668)	4,994	(11,634)	(28,818)	(3,649)	(34,882)	(5,801)	(32,770)	(36,114)
	Cash flow from financing activities	(Millions of yen)	(11,526)	(6,192)	(8,157)	(8,333)	(9,204)	(9,826)	(10,446)	(11,729)	(12,246)	(16,009)	(13,555)	(12,727)
Capital investments:	Capital investment amounts	(Millions of yen)	11,824	12,205	21,918	24,054	19,037	17,216	14,213	11,900	10,792	16,694	25,132	23,712
	For domestic business ATMs	(Millions of yen)	2,908	7,244	13,044	13,858	10,698	8,885	4,052	1,673	1,986	3,556	9,228	7,898
	For domestic business software	(Millions of yen)	8,053	4,303	7,118	7,933	7,122	7,550	8,756	9,863	7,589	11,567	14,023	9,918
Number of employees:	Number of employees (excluding part-time workers) (Persons)		328	409	490	543	576	619	634	654	657	713	809	911

*1. Refers to net income attributable to owners of the parent in and after fiscal 2012

*2. Depreciation and amortization (excluding goodwill). EBITDA = Ordinary profit + Depreciation and amortization

*3. Including negotiable certificates of deposits

*4. On December 1, 2011, Seven Bank conducted a 1,000-for-1 stock split. Per share data for fiscal 2010 reflect the stock split.

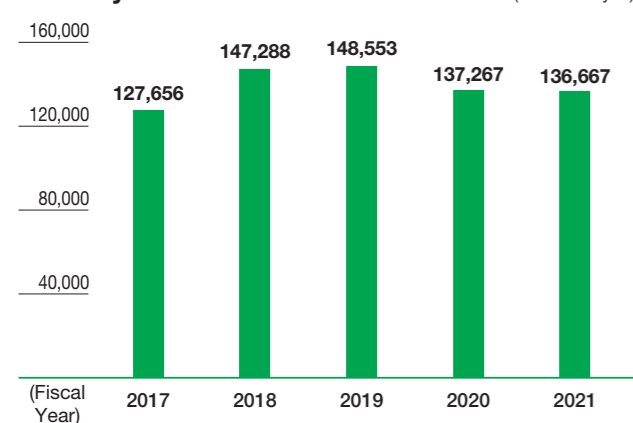
*5. EBITDA margin = EBITDA/ordinary income

*6. ROE = net income/average equity balance

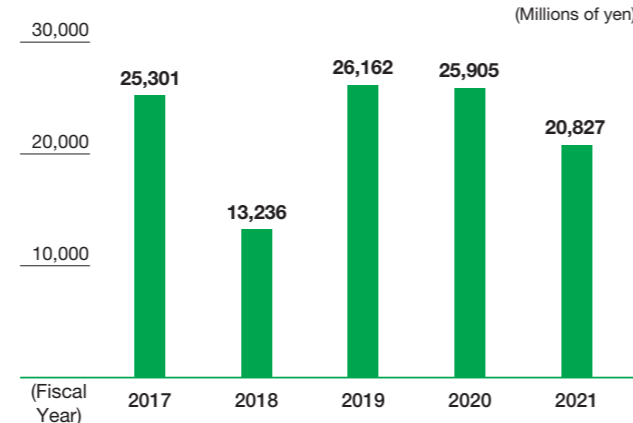
*7. Capital adequacy ratio = (year-end total net assets – year-end subscription rights to shares – year-end non-controlling interests) / year-end total assets. The "Capital adequacy ratio" does not refer to the capital ratio that is prescribed in the "Notices on the Capital Ratio Requirements."

Consolidated

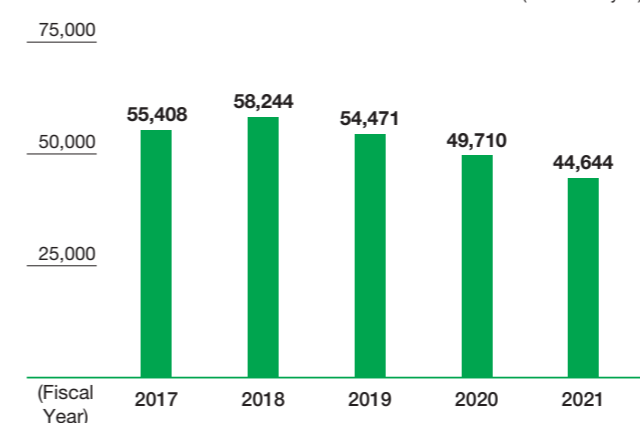
Ordinary Income



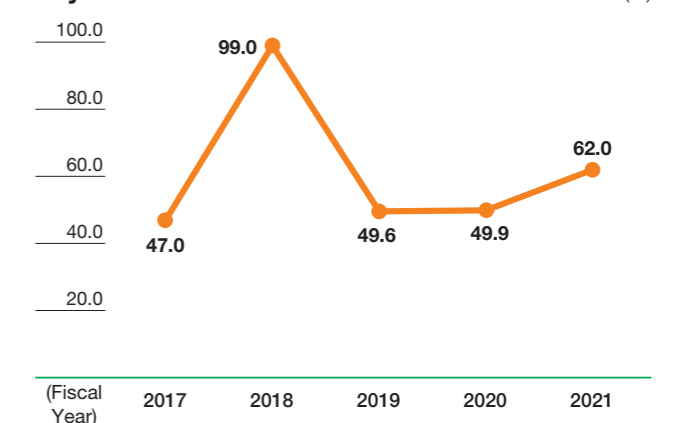
Net Income Attributable to Owners of the Parent



EBITDA²



Payout Ratio



Seven Bank's Sustainability

Initiatives toward realization of sustainable growth

Since its foundation, Seven Bank has conducted corporate activities, pursuing both social/environmental values and business activities, based on "Corporate Principles", "management policy", and "Charter of Ethics."

In recent years, people's lives and the environment surrounding companies have been significantly affected by various social issues, such as unstable international situation, an increase in economic gap, advance in the declining birthrate and aging society, and frequent occurrence of abnormal weather caused by climate changes.

In light of such a context, we have advocated "contribution to solving social issues" as an essential element for our sustainable growth, in the Medium-term Management Plan which started in 2021. We are aiming at the realization of sustainable development of society and our sustainable growth, further expanding and accelerating the existing initiatives.

2001-2010 <the initial decade>				
To be a company that can realize a sustainable society				
Seven Bank proactively promoted resolution of social issues through ATM, and CSR activities leading to contribution to a society and local communities, defining Seven Bank's CSR as "the obligation to be proactively fulfilled as a company supported by customers and the society and coexisting with the environment and the society."				
Established "CSR Policy" in 2007				
Structure building				
Resolution of environmental/social issues through business activities	2007- Initiated ATM services for cards issued overseas Initiated ATM Voice Guidance Service Began installation of ATMs outside of Seven & i Group	2010- Reduced power consumption of Third-generation ATMs by 48% (compared to second-generation ATMs)		
	2005- Issued the first issue of Bonolon	2008- Held the Bonolon Read Aloud Event Started the forest conservation activities by employees	2010- Started reception of disaster aid money Started supporting charity campaign "Radio Charity Musicthon"	
Social & Local Community Contribution Activities				

2021-2030 <The next decade>

Realizing a sustainable growth through both CSV and CSR

Setting sustainability at the core of the long-term management strategy, we will accelerate measures for environmental issues, resolution of social issues, and contribution toward achievement of SDGs, along the lines of five "material issues" aiming to realize a sustainable society.

2021 Formulated "Basic Sustainability Promotion Policy"

2021 Established Sustainability Committee

2021 Formulated "Contribution to solving social issues" as a growth strategy in the "Medium-term Management Plan"

Continuous provision of value

Sustainable growth

Medium-Term Management Plan

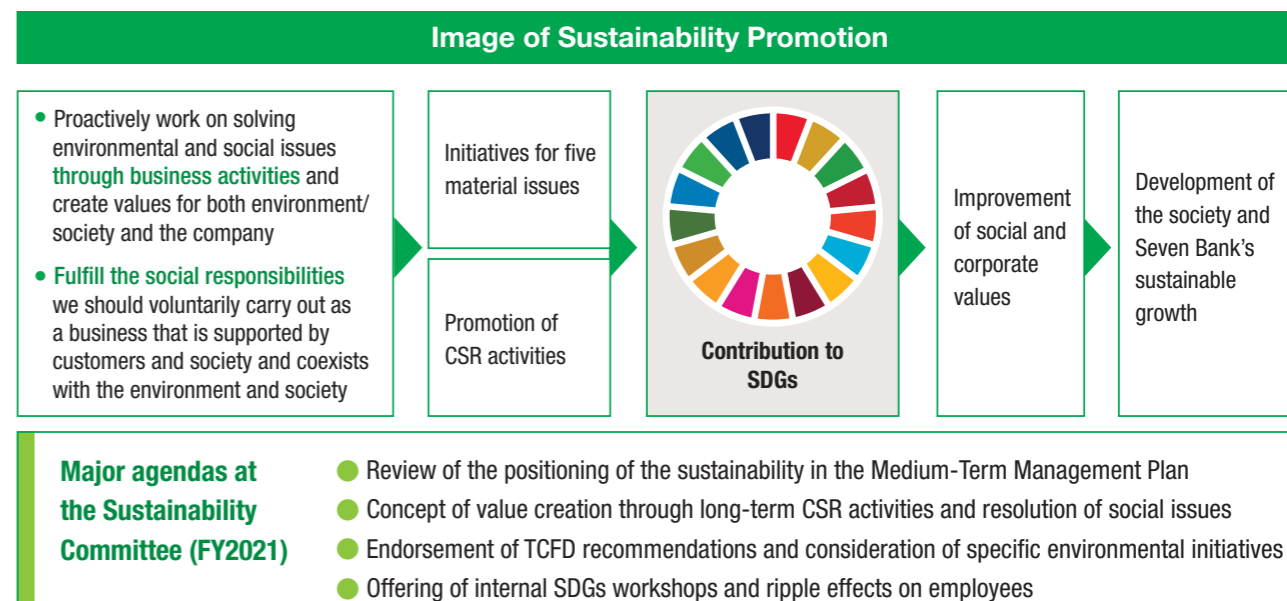
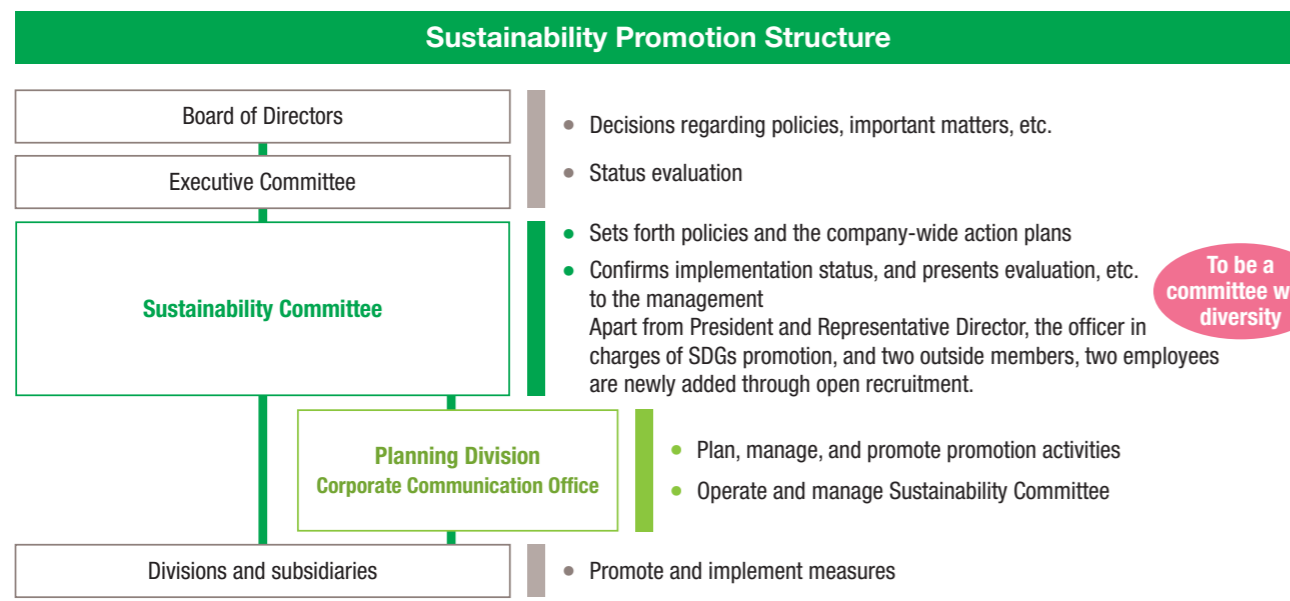
Growth Strategy | Contribution to solving social issues | Corporate transformation

2011-2020 <The past decade>

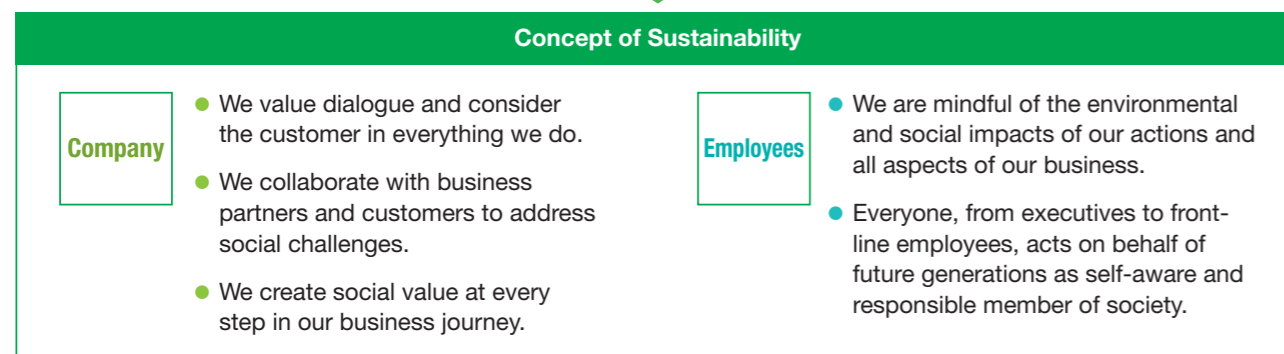
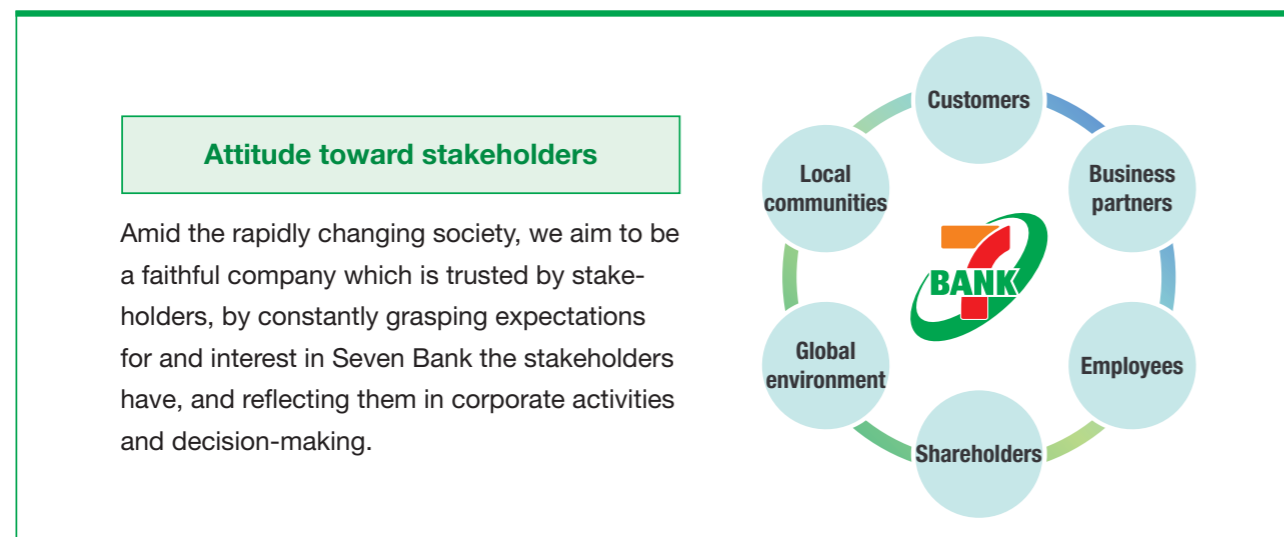
Fulfilled responsibilities for diverse stakeholders

In order to respond to social expectation and confidence, and aim at a sustainable growth together with stakeholders, we considered the creation of common value through business as our social responsibility, formulated five "material issues" we should preferentially address, and put emphasis on solving environmental and social issues.

2012 Established "CSR Environment Committee"			2019 Designated five material issues	
2011 Reconstruction assistance for the Great East Japan Earthquake/ Deployment of mobile ATMs	2011- Launched international money transfer services for Seven Bank account	2018- Launched ATM cash receiving service Began handling a top-up service at ATMs for electronic money to transportation IC cards, etc.	2019- Reduced power consumption of Fourth-generation ATMs by 40%(compared to third-generation ATMs).	2020- Launched My Seven Bank, a smartphone app Launched ATM procedures using Individual Number Cards (applications for Individual Number Card Points)
2011- Started social contribution activities through a Bonolon cash card (donated Bonolon picture books to children's centers)			2019- Participated in Kids Festa	



Entire Image of Sustainability Promotion



2021	2022	2023	2024	2025
Review of existing activities/Building the foundation, Activities in full swing		Activities to be established	Impacts to spread	

■ CSV

- Each division promoted responses to material issues

■ CSR

- Listed and reviewed existing activities
- Provided opportunities to know social issues (seminar, workshop)

■ Endorsed TCFD (December)

■ Improvement of the sustainability promotion structure

- Established the basic policy.
- Established the committee and increased the number of members.

■ CSV (material issues)

- Turn social issues into business opportunities.
- Implement PDCA and enhance the promotion**

■ CSR

- Promote priority themes (environment)**
- Increase employees' awareness (continuously holding seminars, etc.)

■ Start disclosure based on TCFD recommendations
(Setting targets in and after FY2023)

Improving environmental, social, and corporate values

● Employees sympathize and voluntarily work on activities.

● Setting targets (KPIs) and promoting the activities

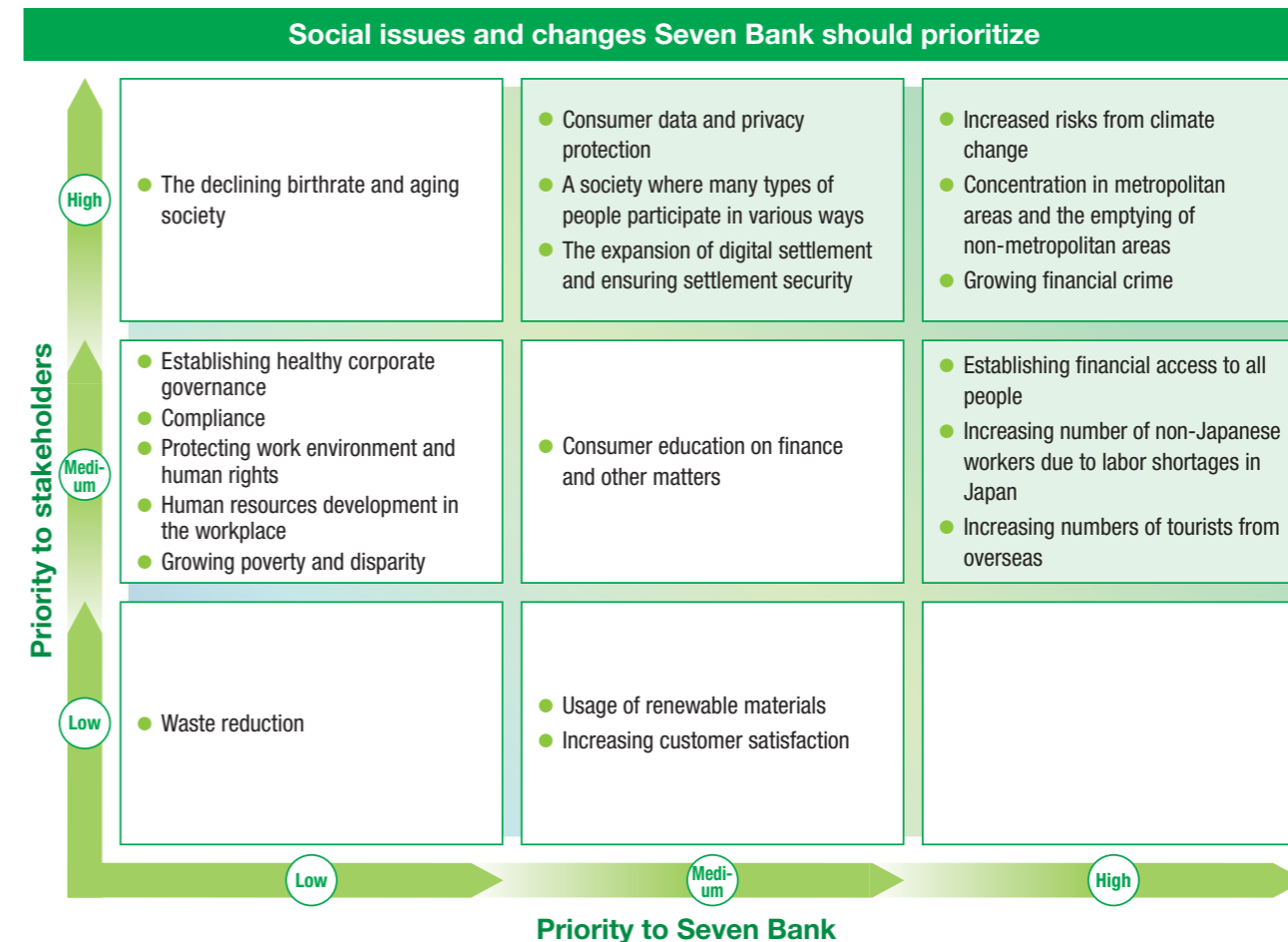
● Enhancing information disclosure for stakeholders (review of the promotion structure) (review of material issues)

Activity theme for FY2022

All employees get involved in sustainability promotion

Five Material Issues

In relation to issues which are important to the Bank's management (materiality), we identified and narrowed down issues faced by stakeholders and Seven Bank respectively, then selected material issues based on degree of priority in 2019.



Vertical axis: Created in accordance with surveys of shareholders and investors (individual investors, analysts in the financial world, etc.), and officers and employees based on domestic and international CSR guidelines such as the GRI Standards and ISO 26000

Horizontal axis: Created in accordance with repeated internal discussions conducted with groups consisting of a wide range of job classes, including the management team

Identified high-priority social issues and narrowed down to a group of five

1

Offer a safe, secure settlement infrastructure

See page 45.

2

Create a lifestyle through new financial services

See page 47.

3

Create a society where everyone can be active

See page 49.

4

Reduce the environmental burden

See page 51.

5

Realize multicultural symbiosis

See page 55.

Material Issue 1



Offer a Safe, Secure Settlement Infrastructure

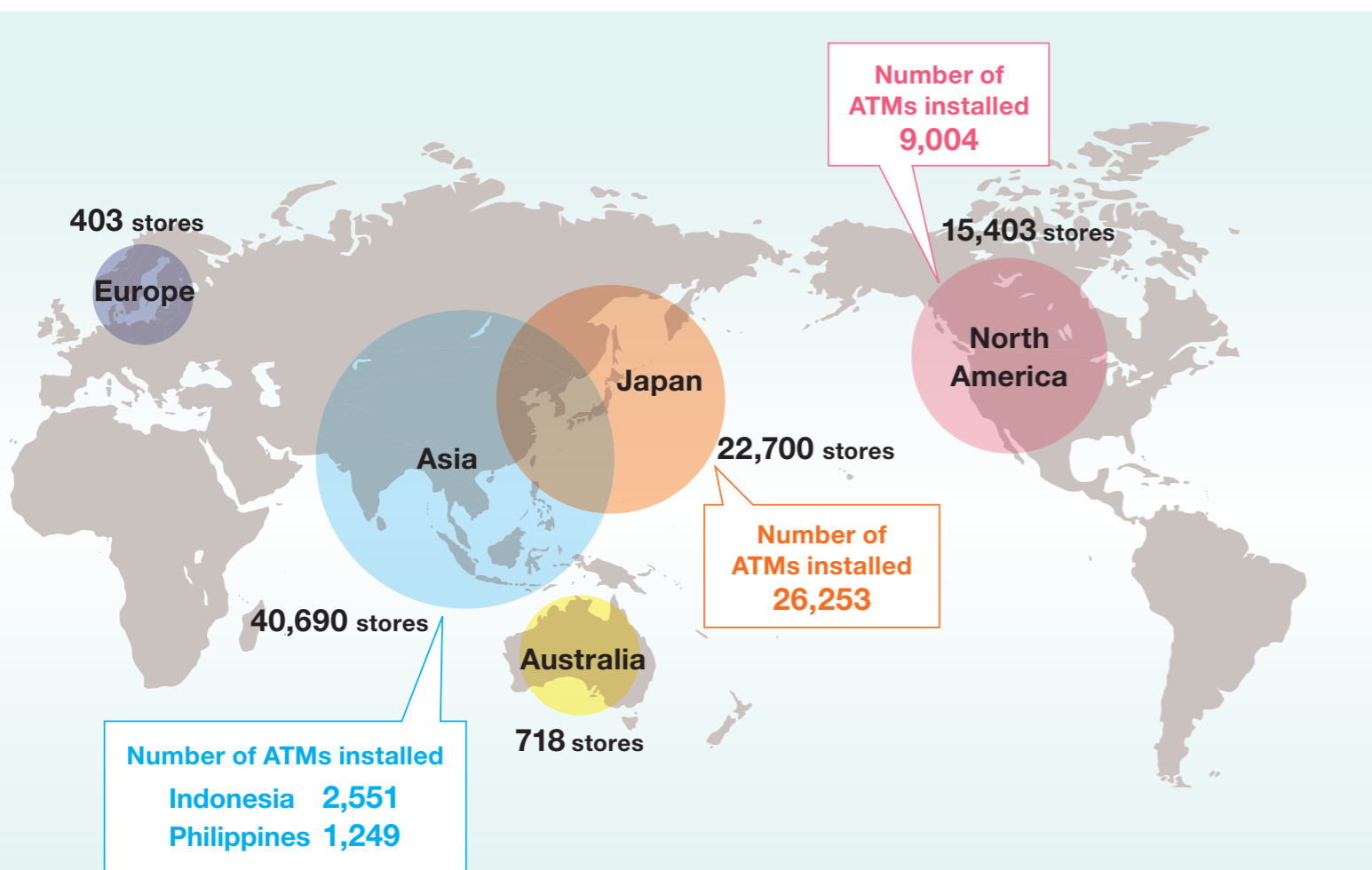
Even as there is demand for financial services which address the use of smartphones, the diversification of payment methods, and other changes of the times, without comprehensive measures for dealing with matters such as concerns about security and the increasing sophistication and ingenuity of financial crimes, customers cannot go about daily life with peace of mind. Seven Bank is contributing to the resolution of social issues through the provision of a settlement infrastructure which is not only convenient but which can also be used safely and securely.

Global spread of ATM

Leveraging our ATM operation know-how, we have expanded our ATM services to three countries overseas: the United States, Indonesia, and the Philippines. For stable provision of ATM services, we have taken measures in each country for preventing financial crimes, such as enhancement of security around stores and ATMs, and strengthening of systems.

In addition, we have been working to create the environment where anybody can access financial services, expanding areas where ATMs are installed including local 7-Eleven stores and local convenience stores.

Number of stores of Seven & i Group and number of ATMs installed in the World



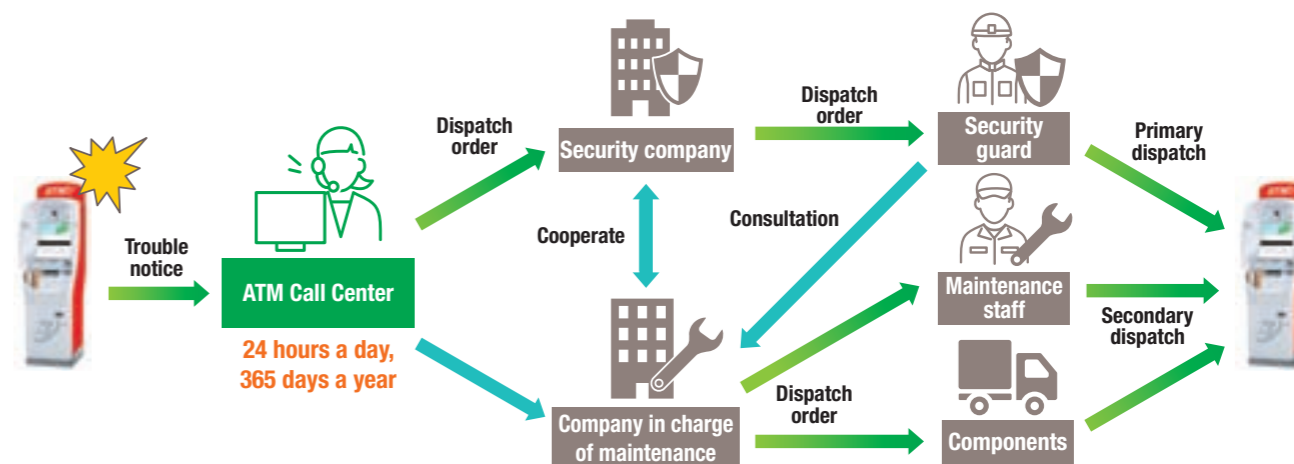
Note) Number of stores: As of February 28, 2022 for Japan, and as of December 31, 2021 for other countries/regions
 Number of ATMs installed: As of March 31, 2022 for Japan, and December 31, 2021 for other countries

Initiative for ATM operating rate at 99.98%

Seven Bank's ATMs operate 24 hours a day, 365 days a year, in principle. Providing an environment that anyone can safely use requires collaboration with partner companies with highly specialized skills that conduct from response to ATM failures to providing security for machines and guarded transport. Depending on locations where ATMs are installed, some ATMs are highly likely to run out of cash due to more frequent cash withdrawal while other ones would be readily full up with cash deposited. By analyzing such usage pattern and operational situation of each ATM in cooperation with security companies, and setting timing of replenishing cash according to the usage pattern, the frequency and duration of stoppages have been minimized.

ATM Call Centers also monitor our ATMs 24 hours a day, 365 days a year, and remotely recover out-of-service ATMs. In case of ATM failures during use by customers, a cash card, etc. is remotely returned in order not to make the customers wait. When a cash card, etc. cannot be returned remotely during the failure, ATM Call Centers promptly call for dispatch of security companies, and appropriately respond to such customers in trouble, aiming to restore the ATM quickly in cooperation with companies in charge of maintenance. Through this collaboration with partner companies, Seven Bank's ATMs are able to achieve a 99.98% operating rate.

Even when a blackout occurs during a transaction, it is possible to complete a transaction uninterrupted. Seven Bank ATMs embed Uninterruptible Power Supply (UPS) batteries. Even after the ATM is suspended, the ATM user can still inquire using the intercom and security functions are maintained, just in case a blackout occurs.

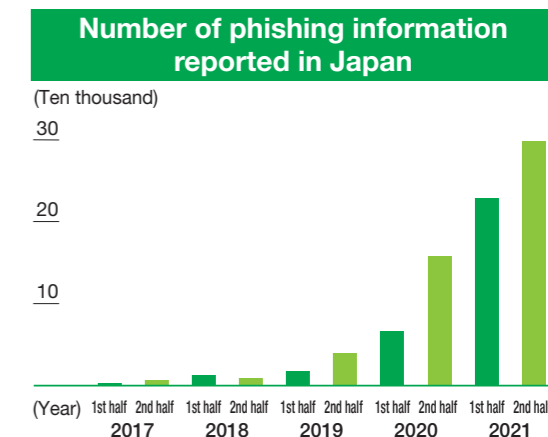


Seven Bank, the security company, and the company in charge of maintenance work together to restore ATMs quickly 24 hours a day, 365 days a year.

Provision of Anti-phishing service

Frauds that direct people to fake websites through e-mail and short messages have become more artful year by year and still tend to increase. In addition, as their targets are extending from EC sites and banks, etc. to all industries with which ordinary citizens have contact, it has become more difficult for companies to defend by themselves.

Seven Bank and ACSiON, Ltd., a consolidated subsidiary, have provided "Anti-phishing service" since 2021, with an eye to preventing artful financial crimes. The feature of this service is that it can promptly detect the launch of phishing sites and notify to that effect to companies which have introduced the service. Before attackers send e-mails and short messages, the companies can begin to take countermeasures, and thus, work to minimize damage by, for example, sending reminders to customers. In order to realize a safe and secure society without financial crimes, ACSiON keeps taking on challenges.



Source: "Phishing Report 2022" by Council of Anti-Phishing Japan

Material Issue 2



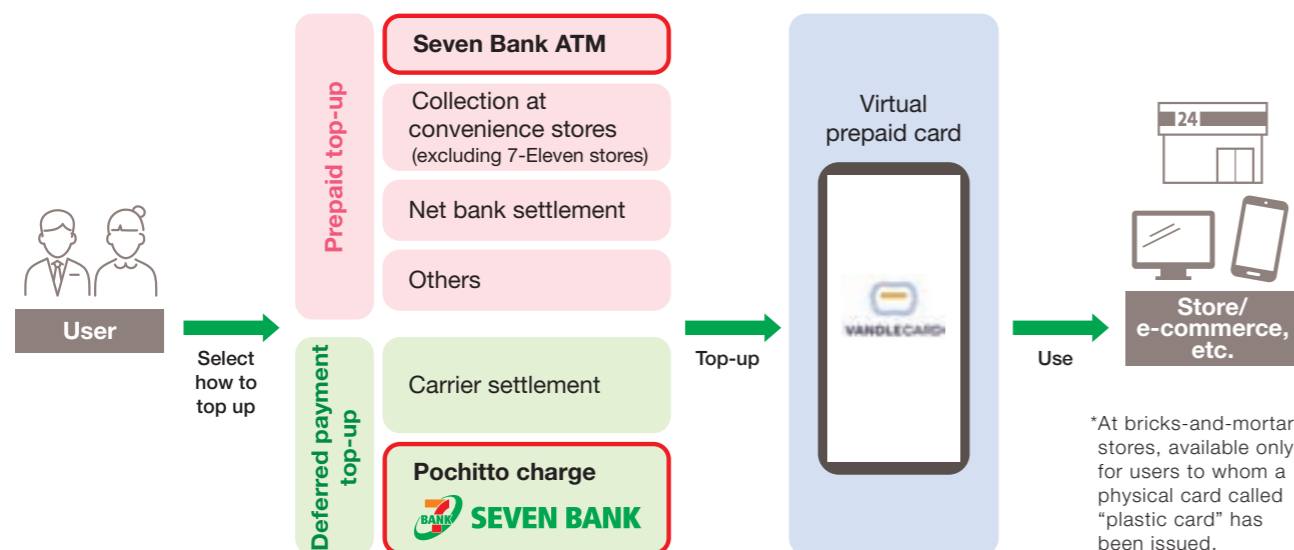
Create a Lifestyle through New Financial Services

As society changes and technology evolves, customer values and lifestyles are also becoming more diverse, and there is a need for financial services which are more close-by and convenient. Seven Bank is aiming for innovation in financial services unrestricted by convention.

Unique Services

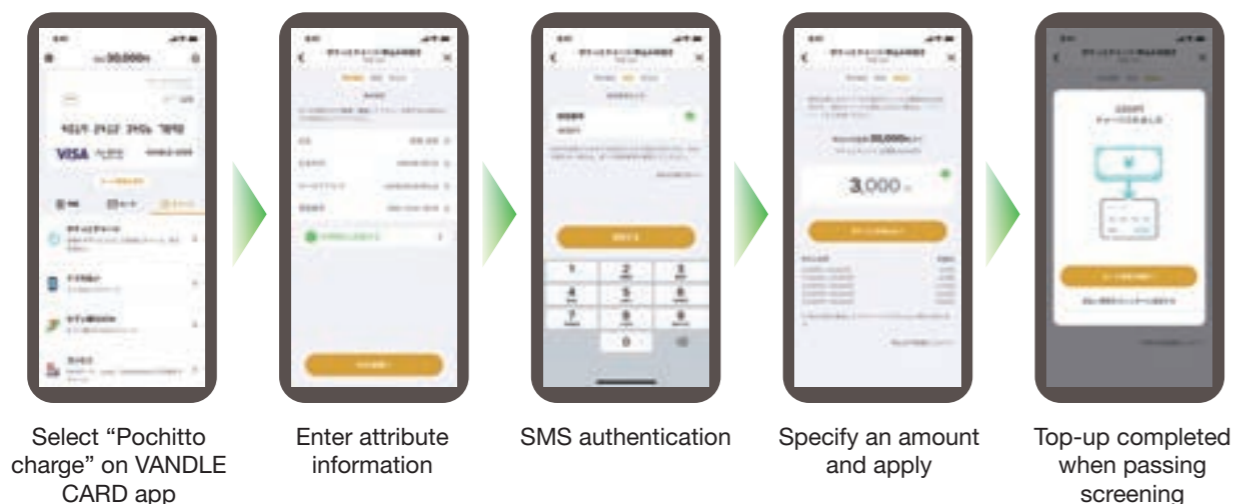
Launched Seven Bank Post Payment Service

From September 2021, we began to provide the Seven Bank Post Payment Service of "VANDLE CARD," a Visa prepaid card offered by Kanmu, Inc. The Seven Bank Post Payment Service is provided for external service providers, in which Seven Bank recovers a full amount of claims.



By using know-how on screening and fraud detection, etc. which we have cultivated in banking operations and providing it to external service providers, we are aiming at society where all people can access convenient financial services.

Operation image (VANDLE CARD app screen)

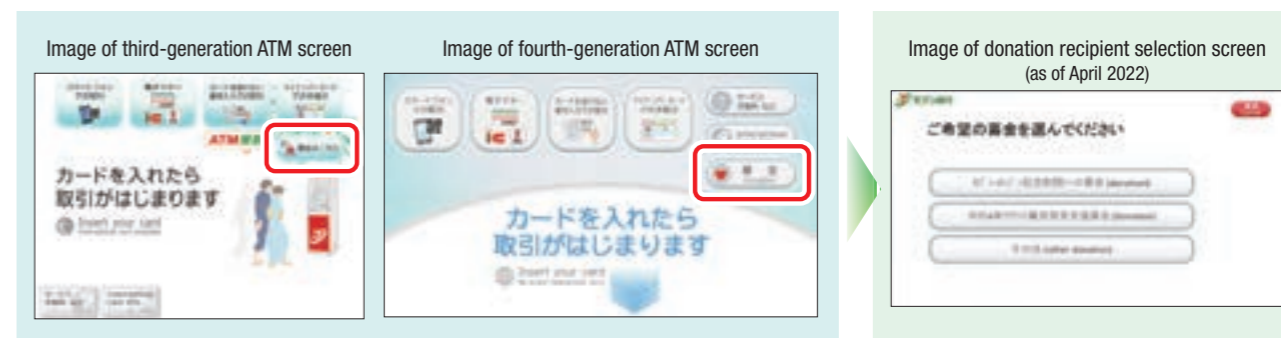


Initiated fund-raising service through ATM

Methods of fund-raising and donation have changed over time. In recent years, as online fund-raising and donation with credit cards and points became possible, they are getting more familiar and convenient. Meanwhile, the number of locations for the easiest fund-raising and donation in cash is decreasing due in part to the COVID-19 pandemic.

Seven Bank started a service for fund-raising through ATMs so that anybody can participate in resolution of environmental and social issues through easy fund-raising and donation in cash. Through Seven Bank ATMs*, it is possible to participate in fund-raising and donation as if you threw cash directly into a "donation box" of a recipient.

*The fund-raising service is available only at Seven Bank ATMs within 7-Eleven stores.



The 2nd additional application for Individual Number Card Points through ATM started!

As the first ATM that supports the Individual Number Cards, a lot of people have used Seven Bank ATMs since 2020. In August 2020, application for Individual Number Card Points started. In March 2021, the ATMs became usable for application for the use of Individual Number Card as a health insurance card. In addition, using Seven Bank ATMs, people can also apply for the 2nd additional Individual Number Card Points on application for the use of Individual Number Card as a health insurance card and the registration of public money receiving account, which started in June 2022.

Seven Bank ATMs have proven to be popular because they can be easily used to apply even by those who have difficulty using a smartphone or personal computer. Seven Bank will take on a challenge in creation of a better version of daily life beyond the concept of ATM.

For more details, please refer to the following website.
https://www.sevenbank.co.jp/oos/adv/tmp_213.html



Partnering with Regional Digital Currencies (as of the end of March 2022)

For the development of digital gift certificates and regional currencies which can be used in local communities, Seven Bank has been promoting ATM partnerships with regional digital currencies. In December 2021, Seven Bank started an ATM partnership with "Kijiuma Coin"¹ issued and operated by Kijiuma Stamp Cooperative Association in Hitoyoshi City, Kumamoto Prefecture. In January 2022, it concluded an ATM partnership with "chiica"², a regional currency platform operated by TRUSTBANK Inc. Under these partnerships, Seven Bank ATMs have been able to be used to top up "Kijiuma Coin," as well as "Toron Currency," "negi," "MI-NAKAMI HEART Pay," and "Kana Chan Coin," regional electronic currencies which have introduced "chiica."

¹ This partnership is conducted as a three-party initiative together with finnovalley co., Ltd., a provider of MoneyEasy, Kijiuma Coin platform.
² "chiica" is a regional currency platform with which each local government can issue a regional currency, and has been introduced by approx. 30 local governments.

Regional digital currencies for which ATM partnerships were concluded					
March 2020	SARUBOBO COIN	April 2020	AQUACOIN	February 2021	Setagaya Pay

Material Issue 3



Create a Society Where Everyone Can Be Active

In order to realize a society in which no one is left behind, we must create an environment in which diverse people can flourish. In addition, in order to realize sustainable corporate growth, improved productivity through the enhancement of employee capabilities, the active participation of diverse human resources, and the creation of workplaces suited to flexible working styles are essential. Seven Bank is engaging in a variety of initiatives in order to achieve fulfilling lifestyles as well as the continuous development of society.

Toward a Society in Which No One Is Left Behind

We have provided a voice guidance service at all ATMs since 2007 so that visually impaired customers can access our ATMs with peace of mind even when on their own. As 15 years have passed since the initial development, living environments surrounding people have significantly changed, and customers' needs have been diversifying, as seen in case of receiving inquiries about the voice guidance service supporting electronic payment. Therefore, in the Bank, it was discussed whether we had been able to provide the voice guidance service meeting changes of the times and needs.

In order to grasp needs of visually impaired people again, Web questionnaires for 100 people and a survey (round-table talk) on needs with a few people were implemented. In the round-table talk, a hearing about use of smartphones and Web, and everyday lifestyle was conducted, and opinions were exchanged under various themes including usability of ATMs for about two hours.

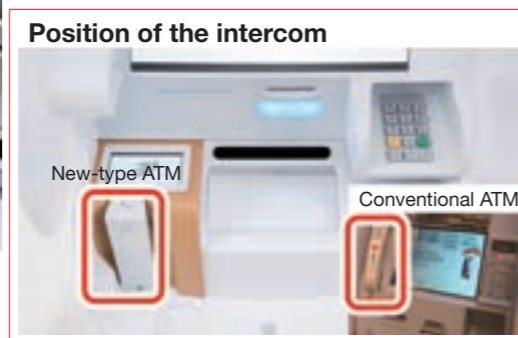


The round-table talk

Based on various opinions we received and results of questionnaires, we will keep trying to make ATMs evolve to realize the society where no one is left behind.



Voice guidance is supported for transactions with more than 500 of Seven Bank's partner financial institutions.



Position of the intercom



VOICE Comment of an employee at ATM Call Center

The ATM Call Center receives approx.40,000 inquiries per month. We are committed to eliminating inconvenience and anxieties of customers who use ATMs to allow anybody to use ATMs anytime with peace in mind.

It is also one of ATM Call Center's missions to communicate customers' opinions and requests, such as difficulties in understanding a screen and operations, to departments in charge of operations, and lead them to improvement.

This project started, triggered by such customers' voices. We will aim to improve ATM's functions and services by listening to customer's voices every day.

Creating Workplaces Where Diverse Human Resources Can Flourish

Active participation of foreign staff

Foreign members of Seven Global Remit, Ltd. are mainly in charge of responding to customers who use services of Seven Bank, and also active as a lecturer of Training Course for Promoting Stable Employment of Foreign Residents and Students* implemented by JAPAN INTERNATIONAL COOPERATION CENTER (JICE)

In the training course, they lecture about communication and what to keep in mind at Japanese workplace, incorporating their own experiences.

*Training course intended for foreign residents who possess a visa without restriction of employment, and aiming at the improvement of their Japanese language skills and their acquisition of basic knowledge about working in Japan, such as workplace customs, employment practices, labor-related laws/regulations, and insurance systems. This is a project to promote their stable employment and retention at domestic companies, commissioned by the Ministry of Health, Labour and Welfare.

VOICE Comment of team leader of retail sales team at Kani office

Ten years have passed since I joined Seven Bank. I joined the Bank as one of members for promoting international money transfer services, mainly in charge of Chinese customers. Presently, I am responsible for managing nine employees and staff as a leader of a retail sales team.

Seven Bank offers us the good environment for proactive career development. In 2021, I took and passed the Qualification Examination for Chiefs of Money Lending Operations. Since then, I have worked on more responsible jobs than ever.



Members of Kani Office

Setsu So

Leftmost: Leader of retail sales team, Kani Office, Seven Global Remit, Ltd.



Fumiko Koriyama
Seven Global Remit, Ltd.

VOICE Comment from Contact Center

I am providing support to diverse human resources every day.

The Contact Center responds to inquiries from non-Japanese customers with Seven Bank account in a total of ten languages (Japanese, English, Chinese, Tagalog, Portuguese, Spanish, Vietnamese, Thai, Indonesian, and Burmese). Operators speaking different languages were born and raised in various environments, and have various ways of thinking. Literally, there are diverse human resources at the Contact Center. As a leader of the international transfers team, I never force them to behave in a Japanese manner, and we deal with over 10,000 inquiries per month, consulting with a supervisor.

Diverse ways of working to realize favorable work-life balance

VOICE Comment of an employee who took a childcare leave

Taking a childcare leave for three months, I really felt that it is so hard mentally and physically for women who has just given birth to take care of a child. As I was able to help mitigate such burdens on my partner, I think it was of great significance to have taken the leave system.

I consulted on application for the leave system with my boss two months before the childbirth, and received willing consent.

Within the company, there may be some employees who hesitate to take a childcare leave. However, through this experience, I would like to be a role model that can encourage such employees.



Yuki Watanabe
ATM Operations Management Division

Material Issue 4



Reduce the Environmental Burden

The global warming severely affects the sustainability of companies. In addition, the risks of climate change could become a grave threat to future generations. Seven Bank is strengthening initiatives to reduce its environmental burden and is working with the companies of the Seven & i Group to resolve environmental issues.

Endorsement of TCFD recommendations

Recognizing the issue of climate changes that would have significant impacts on the environment, society, and corporate activities as one of its management material issues, Seven Bank expressed an endorsement of Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. According to TCFD recommendations, we will strive to enhance information disclosure to stakeholders with regard to impacts of climate change-related risks and opportunities on the company's business activities and revenues, etc., and take specific measures for them.



Governance

Climate change-related risks and opportunities, etc. are deliberated by the Sustainability Committee, chaired by the officer in charge of SDGs promotion and the Risk Management Committee, and a system has been put in place to refer and report important matters to the Executive Committee and the Board of Directors. (For details of the system, please refer to page 41.)

Strategy

We will begin to identify short-, medium-, and long-term risks and opportunities related to climate changes, and analyze impacts of the risks and opportunities on the business, strategies, and financial plans of organizations, as well as their scenario analysis during FY2022. In and after FY2023, we will gradually proceed with information disclosure about the above.

Risk Management

Climate change-related risks are regarded as one of management material issues. Increased frequency of natural disasters such as torrential rains, disasters, and floods may damage the Seven Bank's facilities including ATMs. If this happens, it may disrupt the Bank's operating activities, and if the impact is prolonged, economic activities may be restricted and the number of ATM transactions may decrease, which could affect the Bank's profitability.

Indicators and Targets

In order to hand down the rich global environment to future generations, Seven & i Group is working together with all employees of the Group companies to achieve the targets set in the environmental declaration "GREEN CHALLENGE 2050."

In "GREEN CHALLENGE 2050," Seven Bank has been proactively working on net zero CO₂ emissions from store operation as the vision for 2050, together with the Group companies.

Seven Bank has also been establishing a system to quantitatively grasp environmental burdens, for example, calculating annual CO₂ emissions arising from its business activities.

Reducing CO₂ emissions

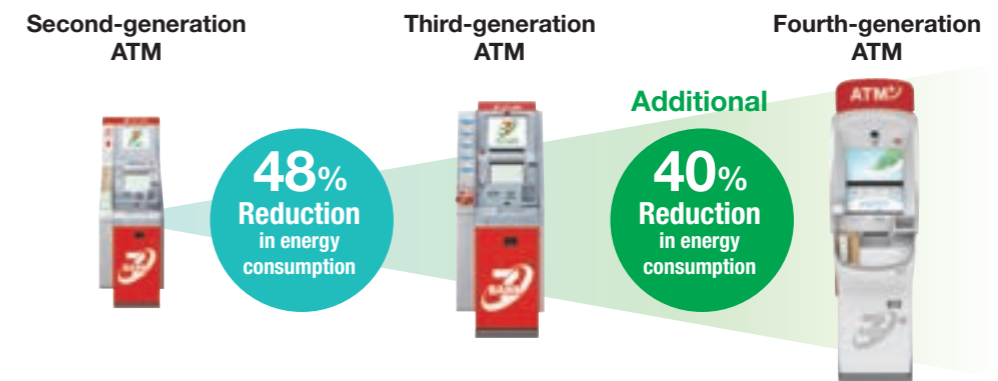
Fourth-generation ATM

The fourth-generation ATM realized an approx.40% reduction in energy consumption compared to the third-generation ATM, which had reduced approx.48% in energy consumption and CO₂ emissions compared to the second-generation ATM.

Under the concept of "ATM+", the fourth-generation ATM aimed to not only improve features and performance but also to contribute even better to society and the environment so as to meet broader customers' and social needs. The first target set was a 50% reduction in power consumption compared to the third-generation ATM. At the same time, the fourth-generation ATM aimed to provide customers new values, in addition to cash deposits and withdrawals, in order to realize an ATM in a better version of daily life. It is equipped with a lot of new services and functions, such as facial recognition, reading functions for Individual Number Cards and drivers licenses, etc., as well as Bluetooth. Adoption of high-performance components to fully use such functions contradicts the reduction in energy consumption. While mounting the high-performance components, we faced a high hurdle on achievement of the target of reduction in energy consumption. However, we never gave up and continued to take on a challenge together with business partners, and finally achieved the target.

From third-generation ATM to fourth-generation ATM: Efforts for reducing energy consumption

- Abolishing and merging infrastructures, reviewing circuit design
- Thoroughly selecting power-saving components including displays



Dramatic progress in energy saving

Reducing ATM Slip Waste

By enhancing a guidance function on the ATM screen, we eliminated the slips that were previously automatically issued when an incorrect PIN was entered or when there was an insufficient account balance. These measures resulted in an annual reduction of around 20 million slips in FY2021.

Reducing Frequency of ATM Cash Transportation

A security company must transport cash by vehicle when replenishing an ATM. The security company reduces CO₂ emissions from transporting cash by analyzing the usage of each ATM separately and reducing the frequency of cash transportation. In addition, we achieve stable, efficient operation of ATMs in 7-Eleven stores by putting cash from store sales proceeds into their ATMs.

Reducing CO₂ emissions at new Data Center

Seven Bank Data Center moved in March 2022.* The new data center has been designed to be environmentally conscious, for example, using renewable energy and reducing water consumption for cooling. The data center is aiming at complete zero CO₂ emission in 2025.

In addition to the reduction of environmental burdens, the new data center renewed a system infrastructure. Accordingly, agility for creating services has been considerably improved, and the system infrastructure has become more secure and robust over failures.

*Public cloud platform provided by Microsoft Japan and two domestic data centers provided by Nomura Research Institute, Ltd.



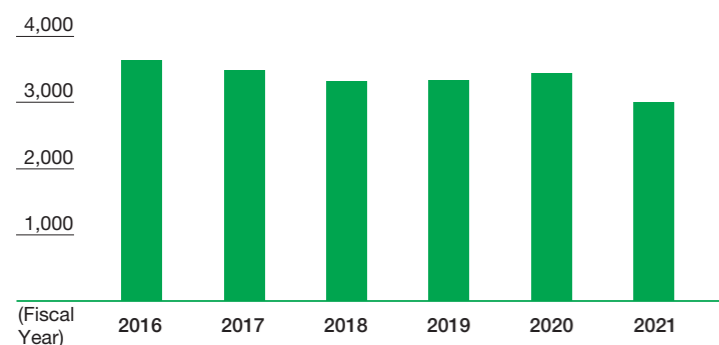
Nomura Research Institute Data Center



Computer area

Electricity usage*

(Thousand kWh) (Offices, staffed outlets, ATM corners directly managed by Seven Bank)



*The data on over 26,000 ATMs nationwide is not included in the chart above because the electricity to run the ATMs is from the facilities that house our ATMs.

Usage of renewable materials

Green Procurement Initiative

We have established and are recommending a policy, with regards to the office supplies we use internally as well as printing services, of procuring items with a low environmental burden from suppliers who promote environmental conservation.

In the selection of office supplies and printing services, in addition to the required quality and functionality, we are striving to purchase products and services prioritizing the fulfillment of requirements to reduce environmental burden, such as whether hazardous chemicals are used and whether the relevant item can be used for a long time, reused and recycled in order to realize a circulating society.

Utilization of Forest Stewardship Council (FSC®) Certified Paper

We use FSC® certified paper for the cash envelopes and various leaflets at our ATMs and free copies of the children's picture book "Mori no Senshi (Guardian of the Forest) Bonolon," which are supported by Seven Bank. Forest Stewardship Council (FSC®) certified paper is paper made from lumber cut from properly managed forests or other low-risk lumber. Seven Bank will continue to expand the use of environmentally-friendly FSC® certified paper.

Reducing Waste Generation

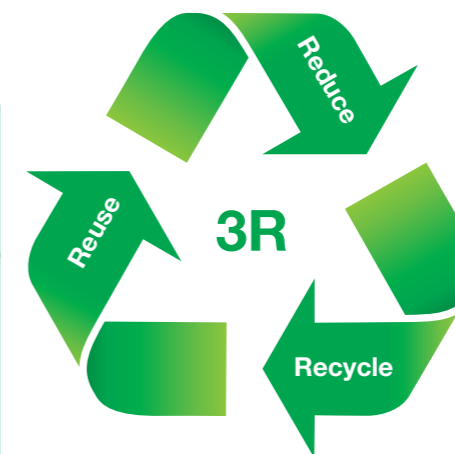
Longer service life of ATMs and 3R

For ATMs, we have proactively introduced recycled materials and adopted an easy-to-maintain structure, etc. from a design phase. In the event of defects, we perform parts replacement and maintenance and make other efforts to extend its life.

When remodeling or closing a 7-Eleven store, or when putting in a new fourth-generation ATM, old ATMs are removed and collected and, if the machine itself can be reused, it undergoes maintenance and is put back into use, or even individual parts will be reused in other machines. ATMs which are too old and can no longer be reused are recycled with the help of recycling business operators, thus we achieve a recycling rate of around 100% for ATMs.

Reduce	Reducing volume of resources used to manufacture products and wastes generated.
ATMs have adopted environmentally conscious design, for example, using materials free from hydrogen halide gas which is said to be one of the causes of acid rain.	

Reuse	Repeatedly using used products and their parts, etc.
Old ATMs are disassembled, and some parts are reused. For example, liquid crystal units are reused as recycled liquid crystal displays.	



Recycle	Effectively utilizing wastes, etc. as raw materials and energy sources.
Each of parts is recycled as recycled resources such as iron, stainless, and plastic.	

Environmental conservation activities

Our employees have participated in various volunteer activities held by Seven & i Group and environmental conservation activities through the Seven Forest project in cooperation with the Seven-Eleven Memorial Foundation, in order to contribute to the preservation of the earth's environment and to local communities. Although activities have been suspended due to the COVID-19 pandemic, we have worked on initiatives for conservation of forests, such as learning forest functions, cleanup within forests, and an improvement of roads. These activities help raise the environmental awareness of every employee.



Material Issue 5



Realize Multicultural Symbiosis

In order to make lives of non-Japanese residents more convenient and prosperous, Seven Bank has worked on development of financial services for foreign customers. In addition, a multilingual guidance has been added in so that foreign people can easily access our financial services.

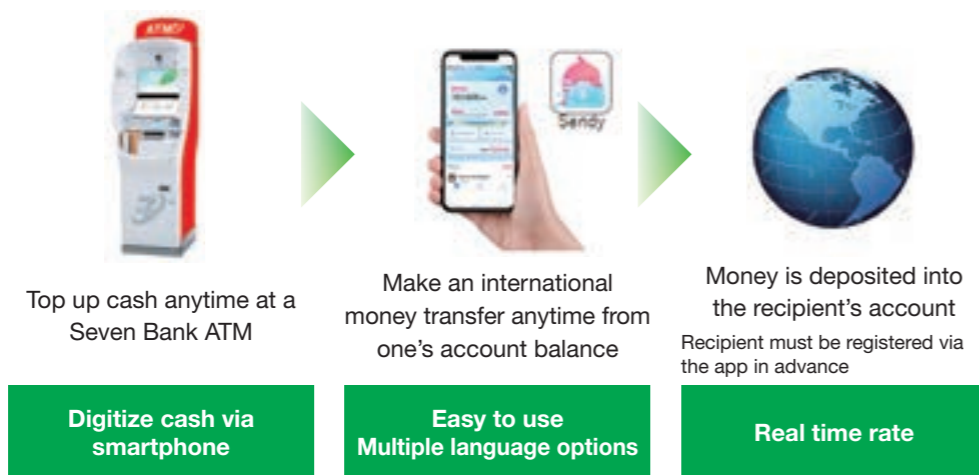
We are aiming to realize a society which is easy for everyone to live in to make Japan a place international people will choose.

The smartphone app "Sendy" has evolved!

In the international money transfer service which started in 2011, Seven Bank account is opened, and money is transferred to a registered recipient from deposits in saving account. As the labor shortage has been increasingly severer in Japan, the number of foreigners working in Japan has tended to increase year by year. With diversifying customers' needs, while some people need Seven Bank accounts for receiving payroll, we received a number of requests for easier money transfer to a home country.

"Sendy,"* an international money transfer service using smartphone app which started in spring 2021, is a service that meets customer's desire of readily transferring money anytime anywhere. This service started with money transfer to Vietnam, and additionally became available for Indonesia in December 2021, and for the Philippines in April 2022. Presently, the service has been used by a lot of people.

Service image



Sendy users don't need to open an account. Customers who hope to use the service download the app "Sendy," top up (credit cash to) "Sendy" account at Seven Bank ATM, and can transfer money from the account.

*"Sendy" is a service provided by Seven Global Remit, Ltd.

VOICE Comments from Sendy users

- I use Sendy to transfer money to my family in Vietnam.
- I am satisfied with quick money transfer and easy operation on a smartphone.
- In hurry to transfer money to my friend a while ago, I could readily add a recipient.
- This convenient service is helpful for me in Japan.

Financial services for non-Japanese residents

Credd Finance, Ltd., a joint venture of Seven Bank and Shinsei Bank, Limited., together with APLUS Co., Ltd., are providing a credit card and a loan service for non-Japanese resident customers. As the both services target not only permanent residence status holders but also non-Japanese residents with a wide range of residence statuses permitting work in Japan, people from various countries have applied for these services due to their usability.

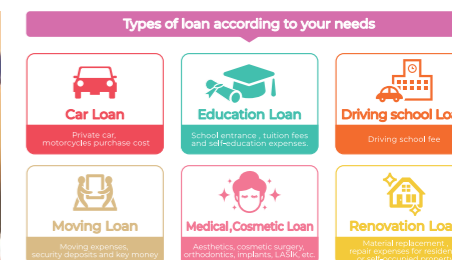
Sendy Credit Card

This credit card can be used for shopping at physical stores, online shopping, and various smartphone settlements. The card can also be used for cash advances. As a cardless credit card for which no physical plastic card is issued, it has been designed to be conscious of the global environment.

Unsecured purpose-specific loan service

Unsecured and not requiring a guarantor, the service's loans can be used for purchasing a car, education expenses, and a variety of other uses.

As application for the loan is complicated with a number of items to be filled out for screening purposes, a multilingual support service via telephone and for face-to-face communication is provided.



Funds can be used for purchasing a car, education, driving school, moving, medical care and beauty treatments, and home renovation.

Foreign user-friendly ATMs

Seven Bank ATMs are designed to be convenient also for foreigners.

Non-Japanese residents with accounts

In order to help non-Japanese residents with Seven Bank account to use Seven Bank ATMs with peace of mind, ATM operation screens for deposit and withdrawal on Seven Bank account, as well as international money transfer service are available in nine languages (Japanese, English, Tagalog, Chinese, Portuguese, Spanish, Vietnamese, Indonesian, and Thai).

In the event something is unclear with regards to a Seven Bank account, support is provided by multilingual staff at Contact Center. 10 languages are available, with Burmese added to the above nine language. Support services are provided, including inquiries on a Seven Bank account.



Image of ATM screen

Tourists from overseas

We have heard from many persons who have come to Japan for tourism and other reasons that it is difficult to obtain Japanese yen after entering the country. We provide a service at all Seven Bank ATMs which makes it possible to withdraw Japanese yen using cash cards and credit cards issued overseas.

Our ATMs can be used in 12 languages (Japanese, English, Chinese [simplified], Chinese [traditional], Korean, Thai, Malaysian, Indonesian, Vietnamese, French, German, and Portuguese). Seven Bank helps to make it possible for people from around the world to have an enjoyable time in Japan.



Image of ATM screen

Social Contribution Activities

As a corporate citizen moving forward together with society, Seven Bank proactively engages in social contribution activities in close communication with society.

Learning environmental and social issues

In FY2021, Seven Bank worked to create opportunities to allow employees to learn various environmental and social issues that have been more complicated so that they can regard such issues as their own problems. In October 2021, a workshop was held for two days, in which participants learned social issues, freely exchanging opinions with lecturers, under nine themes including children poverty issue and diversity. We invited students* as lecturers. President Funatake (at that time) also participated in it, and students and employees discussed social issues, divided into different tables for each theme. The employees were quite stimulated by the students' high level of awareness and passion. In addition, SDGs seminar was held with outside lecturers for three months from December 2021. Under six themes including disaster prevention, circular economy, and gender issues, the seminar was implemented in a hybrid way of face-to-face and online communication. Total number of employees who participated in the workshop and the seminar was over 180. These events became steps leading to further understanding of environmental and social issues and changes in their behaviors.

*The students belong to anchor, a general incorporated association.



Ryuji Kimura
Strategy and Development Division

VOICE Comment of a participant

I participated in both the workshop and the seminar. In the workshop, directly talking with Generation Z, I really felt that it would be essential from a perspective of business strategy to work on promotion of sustainability in corporate activities. Since March 2022, as a member of the Sustainability Committee, I have promoted sustainability from a different standpoint. I hope to contribute to resolution of environmental and social issues in my own humble way.



SDGs seminar
"Use lessons from major disasters for disaster prevention - preparation of knowledge leading to hope after disasters" (lecturer: Tadashi Okamoto, Attorney at law)

For future generations

"Mori no Senshi (Guardian of the Forest) Bonolon" is a picture book series which is published for free for the children of today who will be our future, and in order to engender parent-child communication through picture books. Endorsing this mindset, Seven Bank has supported "Mori no Senshi Bonolon" for over 15 years, since 2005.

Thanks to your support, "Mori no Senshi Bonolon" celebrated its 100th issue in December 2021. In commemoration of the 100th issue, a free shipping campaign of lending large-sized picture books of "Mori no Senshi Bonolon" was implemented to support reading out loud activities nationwide. The books were used by a lot of nursery schools, schools, and individuals that work on reading out loud activities.

Seven Bank will continue to support reading out loud activities and foster a healthy future generation through Bonolon.



Some 800,000 copies of "Mori no Senshi Bonolon" are published every even month and distributed free of charge at Seven Bank Headquarters, 7-Eleven stores across the country, and other group businesses.

Fund-raise/Donation activities

Activities in Jakarta

PT.ABADI TAMBAH MULIA INTERNASIONAL(ATMi), a consolidated subsidiary in Indonesia, donated 5 million rupiah and food and other items equivalent of 11 million rupiah to Yayasan Yatim Piatu Dan Fakir Miskin Daarus Salaam Ragunan, an orphanage fund in Jakarta.

To respond to local employees' passion for helping people in need, the donation to the orphanage fund was realized. ATMi will work on activities to contribute to local communities together with local employees.



President Jo Watabe at center of the last row in the photo

Audible Traffic Signals for the Visually Impaired

Seven Bank ATMs provide a voice guidance service so that visually impaired customers can access our ATMs. (See page 49 for details.)

As a means of spreading awareness and utilization of this service, we cooperated with Nippon Broadcasting System's "Radio Charity Musicthon," a charity which collects funds to install audible traffic signals enabling visually impaired persons to walk streets with peace of mind. We collected funds through a variety of means, including fund-raise at ATMs, click donations (in which one click on our website resulted in a donation of ¥1), and voice guidance system usage donations (in which usage of the service resulted in a donation of ¥100), as well as donations directly from customers with Seven Bank accounts. As a result, we presented ¥5,214,552 in donations to the "47th Radio Charity Musicthon."



Seven Bank President Yasuaki Funatake, (at that time) and Nippon Broadcasting System President Maki Hiwara

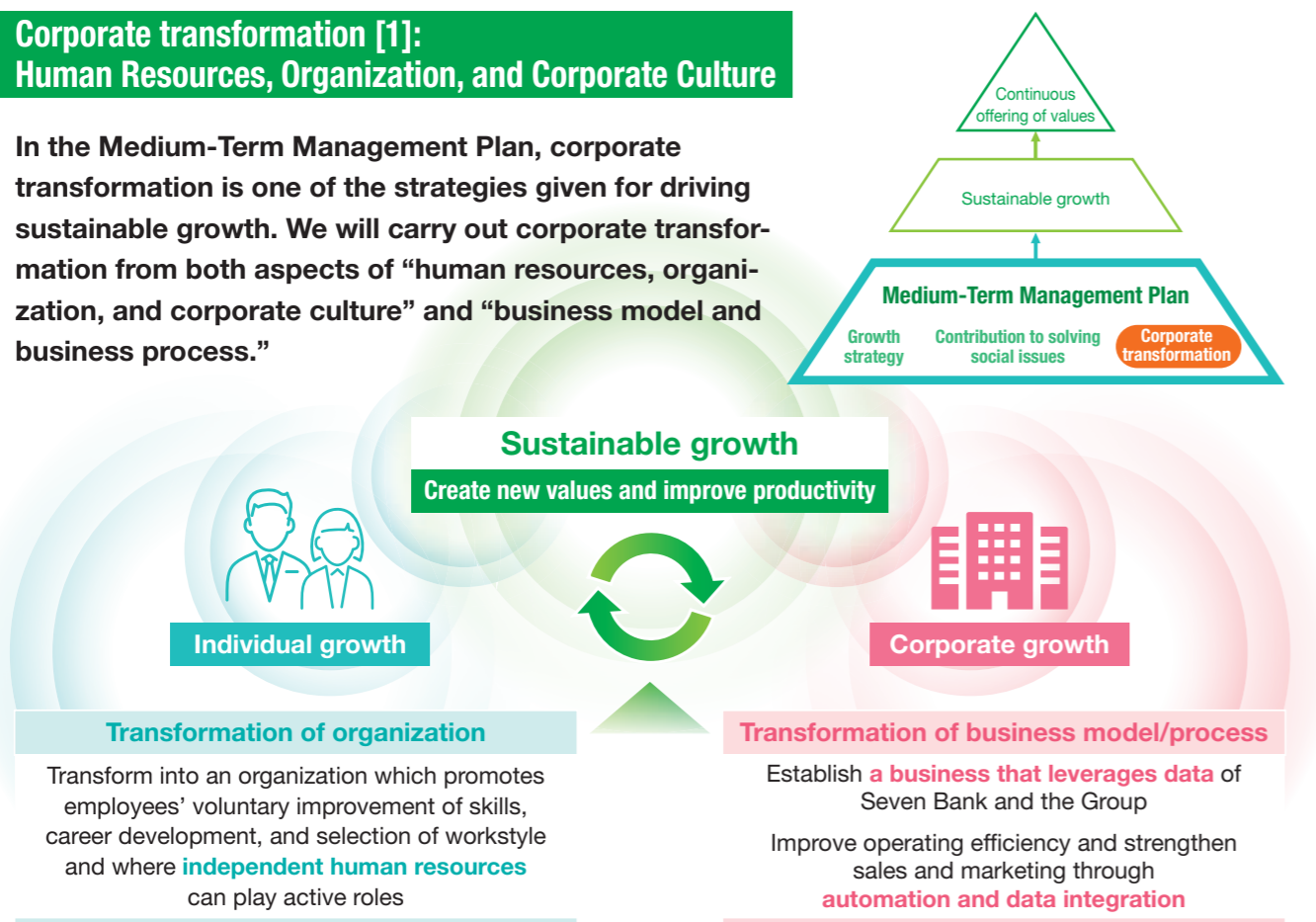
Support activities for disaster victims and disaster-afflicted areas

The Seven Bank solicits donations to support victims of disasters as entire Group.

Name of disaster	Date	Amount of donations collected	Recipient
July 2021 Donations for damages from the torrential rains	July 9, 2021 to August 1, 2021	¥118,827	Atami City
August 2021 Donations for damages from the torrential rains	August 19, 2021 to August 31, 2021	¥642,475	Fukuoka, Nagasaki, Nagano, Saga, Hiroshima
2022 Donations for emergency assistance for Ukrainian refugees	March 17, 2022 - April 30, 2022	¥20,046,839	Office of the United Nations High Commissioner for Refugees (UNHCR) through the UN Refugee Agency

Corporate transformation [1]: Human Resources, Organization, and Corporate Culture

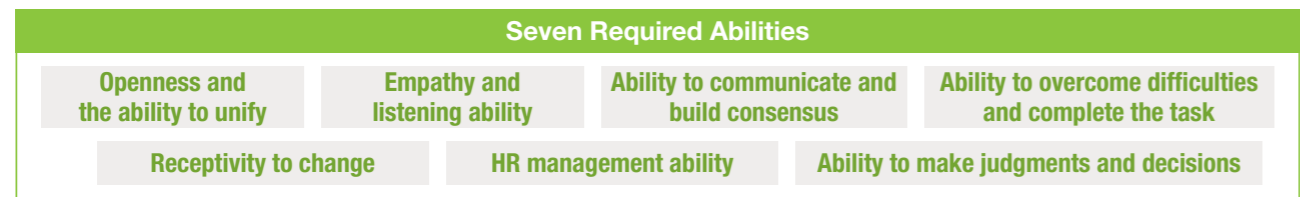
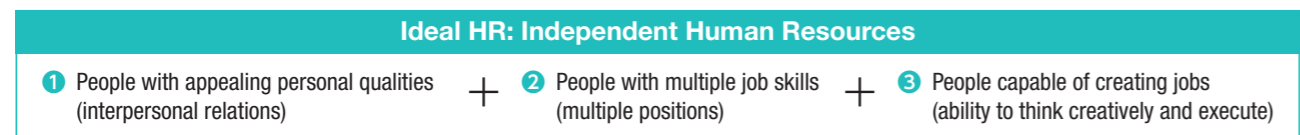
In the Medium-Term Management Plan, corporate transformation is one of the strategies given for driving sustainable growth. We will carry out corporate transformation from both aspects of “human resources, organization, and corporate culture” and “business model and business process.”



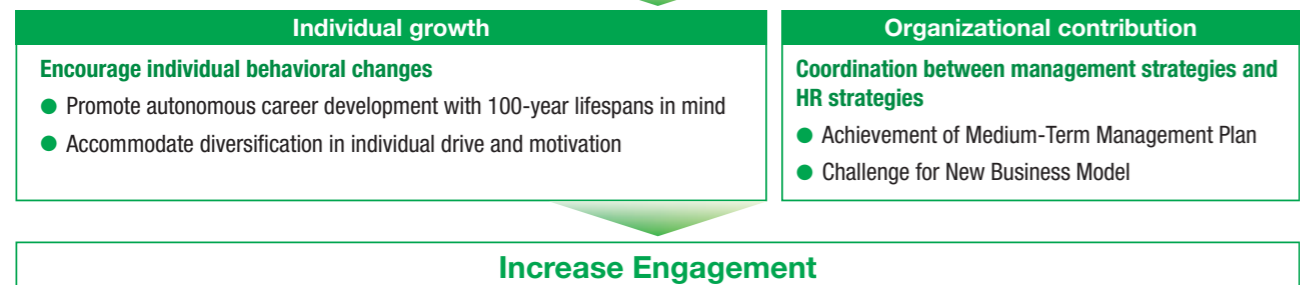
HR strategy: Toward an organization where independent human resources can play active roles

We will transform into an organization which promotes employees' voluntary improvement of skills, career development, and selection of workstyle and where independent human resources can play active roles.

Ideal HR and Overall Vision for HR Strategy



Framework for Sustainable Growth (see page 60)



Framework for Sustainable Growth

Seven Bank is engaged in various initiatives in line with its framework for sustainable growth with a view to fostering independent human resources that will support its second stage of growth.

1 HR development (challenge and growth) Realize autonomous skill development and career formation <ul style="list-style-type: none"> Permeation of Purpose Create workplace where abilities can be demonstrated with independence and motivation Improve communication ability 	2 Workstyles (for openness) Create workplace where all employees can demonstrate their abilities <ul style="list-style-type: none"> Enliven communication Employee connectedness/relationships, organizational visibility
3 Systems Create HR-focused systems <ul style="list-style-type: none"> Enhance personnel system Establish diverse ways of working to realize favorable work-life balance Create communication opportunities to increase team and organizational power 	4 Health and welfare Promote health and productivity management <ul style="list-style-type: none"> Promote health (health exams) Mental health (communication) Maintain productive workplace environment Appropriate working hours Accurate salary calculations
5 Diversity and integration Promoting active participation of diverse human resources <ul style="list-style-type: none"> Secure and retain diverse, appealing human resources Understanding of others and diversity 	
6 Risk management Corporate culture that maintains compliance (prevents scandals) <ul style="list-style-type: none"> Infrastructure: Service rules (internal regulations), labor law compliance, prevent labor trouble; Rule and manual revisions, subsidiary management, compliance with changes in the law Culture: Employee education, Awareness-raising, Enliven internal communication 	

1 HR development (challenge and growth)

Introduction of “MANABIYA!” training portal site
 We introduced the MANABIYA! training portal site in July 2021 to support more autonomous career development.



Interview with development leader **Ai Sumikawa, Human Resources Division**

Objective
 The site was established to create an environment that allows all employees to autonomously shape and pursue their careers. Employees are provided with visualized learning and a place to exchange information on their studies with other employees, which supports autonomous learning, while information on skills that employees (members) have acquired and the courses they have taken is shared with supervisors, and this enables mutual support for skill demonstration and growth.

Development process, inventive measures
 The site's rollout was decided in April 2021 and it was released on a companywide basis in three months. Because training is generally felt to be stiff and formal and not easily accessible, a pop design was used to convey novelty and ease of learning and our own original welcome page was created with an emphasis on usability for employees. The site was also equipped with a function for searching from around 6,000 courses by category as well as a mechanism that enables users to read the impressions of previous course-takers and review the content.

Utilization
 Webinars are held to explain how to use MANABIYA! and communicate its appeal as a tool for self-development within our company. Information on online classes is also actively communicated to make people aware of the content and scope of the study programs available. Many employees have taken interest in MANABIYA! and 55% of the workforce has logged in. The number of applications to self-development program increased greatly over the previous year, growing by 70%.

VOICE Comment from MANABIYA! Users



Satoshi Wada
Planning Division

I took the Udemy Business online course and chose classes on improving sales skills and system development management. I like the fact that there is no set time or place, which allows me to productively use my downtime to study. I hold study sessions for other members in the Bank based on interpretations I make of what I've studied in the course, which deepens my own understanding and also encourages other members to take classes themselves.



Masato Takahashi
Seven Global Remit, Ltd.

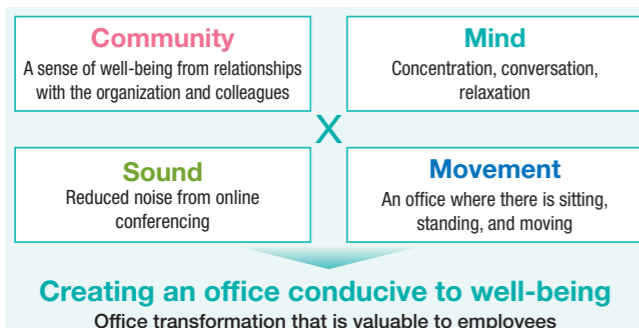
There are many types of self-development programs available, which is very appealing. I was surprised at the variety of study options; there are not only standard correspondence courses in which the course materials are delivered to your house and assignments are done on a regular schedule but also online classes and costly in-person/online programming courses, for example. Mandatory training is just the minimum; I'm positively impressed with the stance taken of providing an environment that allows each individual to make their own choices.

2 Workstyles (for openness)

● **Headquarters office renovations**

We renovated our offices based on the concept of activity-based working (ABW)*, which is the approach of allowing employees to choose when and where they work in order to help encourage communication, generate innovation, and raise productivity and work efficiency.

*ABW is a workstyle that promotes more creative outcomes by allowing workers to freely choose when and where they work depending on the work environment and job content.



● **Enliven internal communication**

The 7Bank Academia initiative was started to promote understanding of innovation and foster a mindset geared to innovation companywide through messages from management on diverse themes and community activities among employees.

7Bank Academia

A community that transcends divisions to realize our Purpose, which is to "Create a better version of daily life by going beyond the wishes of our customers." Through Academia, employees reaffirm that they themselves are the ones that "Create a better version of daily life," and activities are conducted to support and encourage employees to take action.

Major initiatives

- 1 **For all employees**
Conversation-based webinar between Bank officers and outside corporate managers
- 2 **Limited members**
Latest outside information and feedback, etc. in a limited community space



The initiative works to promote understanding of innovation and foster a mindset geared to innovation companywide through messages from management on diverse themes and community activities among employees.

3 Systems

● **Create HR-focused systems**

A career self-reporting system was introduced within the personnel evaluation system in fiscal 2021 in which employees think about their careers and report on those themselves. We respect the intentions of each individual and provide opportunities for everyone to fully demonstrate their skills.

4 Health and welfare

● **Achieving work-life balance**

We encourage employees to utilize work at home and sliding hours programs and take advantage of their paid vacation days, providing support on and off the job to help ensure every employee's mental and physical health and the ability to actively and energetically participate.

● **Health maintenance and promotion**

Employees take part in the "Aru Fes." team-based walking campaign hosted by the Seven & i Group. The campaign is intended to help prevent lifestyle-related diseases and maintain and promote health through walking, a health fundamental. There is a team competition as well, which serves to enliven communication among employees and foster team unity.

54 people participated in the campaign (May 2021).

5 Diversity and integration

● **Employee takes part in training program for female executive candidates**

As a part of efforts to promote diversity and integration, an employee of the Bank was chosen to take part in the Women's Advanced Program* conducted by Pasona Inc.

*A lodging-based program to teach frontline business skills and develop female executive candidates capable of contributing to their own companies and society.

VOICE Overcoming weaknesses by seeing the program as positive growth opportunities

Encouraged by my supervisor, I decided to participate in the program to overcome certain issues that I saw as my weaknesses—communication when meeting people for the first time and being proactive in expressing myself—and in order to build networks with others.

The SDGs program, in which we connected live with Indonesia and observed the local situation where environmental issues are having a major effect on people's lives, in particular left me a deep impression. I perceived the difficulty of balancing this with corporate activities, and it motivated me to apply for our internal recruitment of Sustainability Committee members. Repeating inputs and outputs through various types of work, I learned ways to communicate to deepen thinking. After the training, I received positive comments on my autonomous attitude and my words and actions from the people around me, and I was surprised at how my behavior had changed without even realizing it, which gave me confidence. In addition, encountering the thoughts and attitudes on work of female participants in managerial positions with diverse backgrounds who are playing active roles at other companies provided me with invaluable role models, which was a major benefit of the program. I plan to think more about my future career in the context of the many options available.



Yoshiko Masaoka
ATM Operations Management Division

● **LGBTQ webinar held**

We invited in an outside instructor and held an internal webinar on "thinking about diversity and integration from an LGBTQ perspective". The webinar deepened accurate understanding of LGBTQ and served as an opportunity to think about what to engage in both at the individual and company levels.

Increasing engagement

We conduct various surveys and measures to increase employee engagement at the company overall. Last fiscal year, we started EQ testing (emotional intelligence testing) and a “360° feedback” program. EQ testing, which is also a diagnostic tool for mental health, is an effective tool to objectively determine one’s own strengths and weaknesses. Seven Bank conducts a training course with EQ testing in which participants not only analyze their own results, but also share them with others, which provides an opportunity to recognize differences among individuals as well. At the same time, in the 360° feedback program, employees are shown the gaps that may exist between their own understanding of themselves and the understanding of others, which we believe can provide insights and lead to changes in behavior at the individual level. Learning about oneself and grasping the condition of one’s team through this initiative will lead to increased engagement.

The Bank has conducted employee engagement surveys since fiscal 2018 that it uses as an indicator for employee motivation.

Human Capital-Related Data

Data on employees and employment (as of March 31, 2022)

	Male	Female	Total		
Number of employees ^{*1}	302	203	505	Average service years of employees	7.8 years
Number of part-time employees ^{*2}	2	0	2	Ratio of female managers ^{*3}	16.0%
Number of temporary staff	14	32	46	Ratio of employment of persons with disabilities ^{*4}	2.4%
				Ratio of paid leave taken by employees	80.2%

*1 Excluding officers, executive officers, employees seconded from the Bank to external companies, part-time employees and temporary staff; and including employees seconded from external companies to the Bank.

*2 Number of part-time employees: Average number of workers per month assuming eight work hours a day

*3 Ratio of female managers excludes those seconded from the Bank to Seven & i Group companies and those seconded to the Bank from companies outside the Group but includes those seconded to the Bank from Group companies.

*4 Ratio of employment of persons with disabilities as of April 1, 2022

Numbers of employees promoted to regular employees under the Regular Employee Promotion System (system to promote non-full-time employees to regular employees)

Fiscal 2021	7
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Data on employees and employment (Fiscal 2021)

	Male	Female	Total		
Number of employees who took a leave for childcare ^{*5}	2	13	15	Number of uses of leave for volunteer activities	0
Number of employees who took a leave for nursing care	0	0	0	Occupational accident frequency rate ^{*6}	0.0%
Number of employees who used the shorter work-hour system ^{*8}	2	21	23	Occupational accident severity rate ^{*7}	0.0%
				Number of contacts received at the Help Line for employees	6
				Average employee overtime per month	24.9 hours

*5 Number of employees who took childcare leave in fiscal 2021

*6 Occupational accident frequency rate = (Number of occupational accidents occurred/Cumulative work hours) × 1,000,000

*7 Occupational accident severity rate = (Lost work days due to an accident/Cumulative work hours) × 1,000

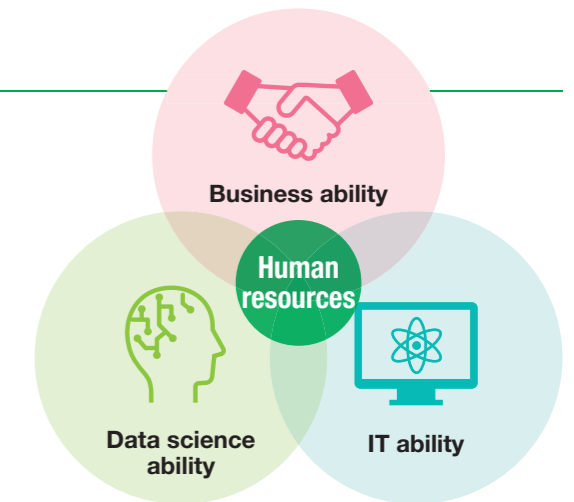
*8 Number of employees who used the system due to childcare or nursing care

Corporate transformation [2]: Business Model/Business Process

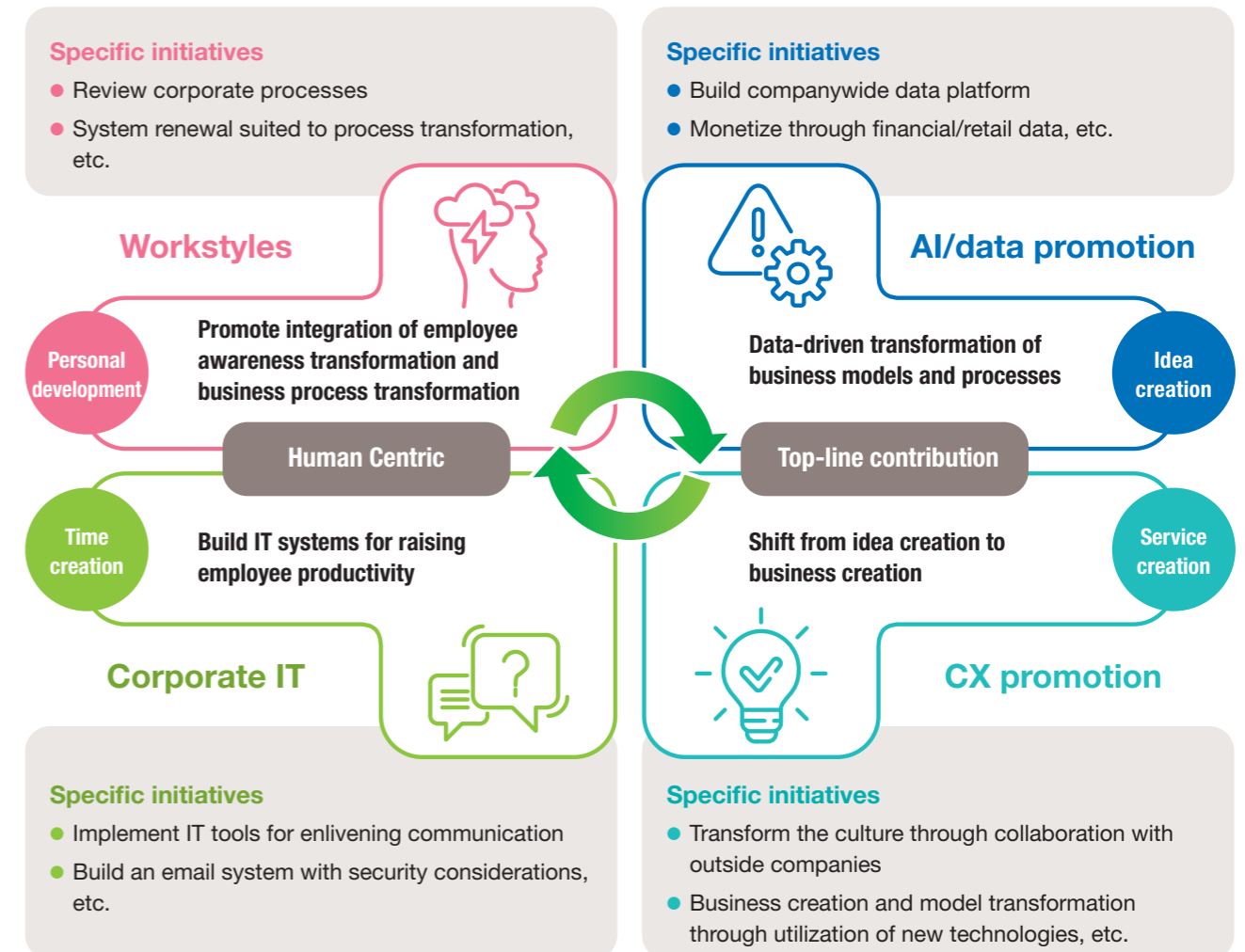
Seven Bank is taking on the challenge of generating new innovation by promoting business transformation utilizing digital technology and data. Taking the changes in an ever-changing society as a positive opportunity, we are promoting companywide corporate transformation (CX) initiatives to solve social issues and fulfill our Purpose through progressive products and services that utilize AI and data.

CX driving transformation

Seven Bank defines CX as the combination of digital transformation (DX) and employee experience (EX). We will pursue a business model for the growth of both individuals and the company by giving concrete shape to building IT systems that raise productivity, to utilization of advanced AI/data and the relevant skillsets, and to changes in organization, corporate culture, and awareness needed for this.



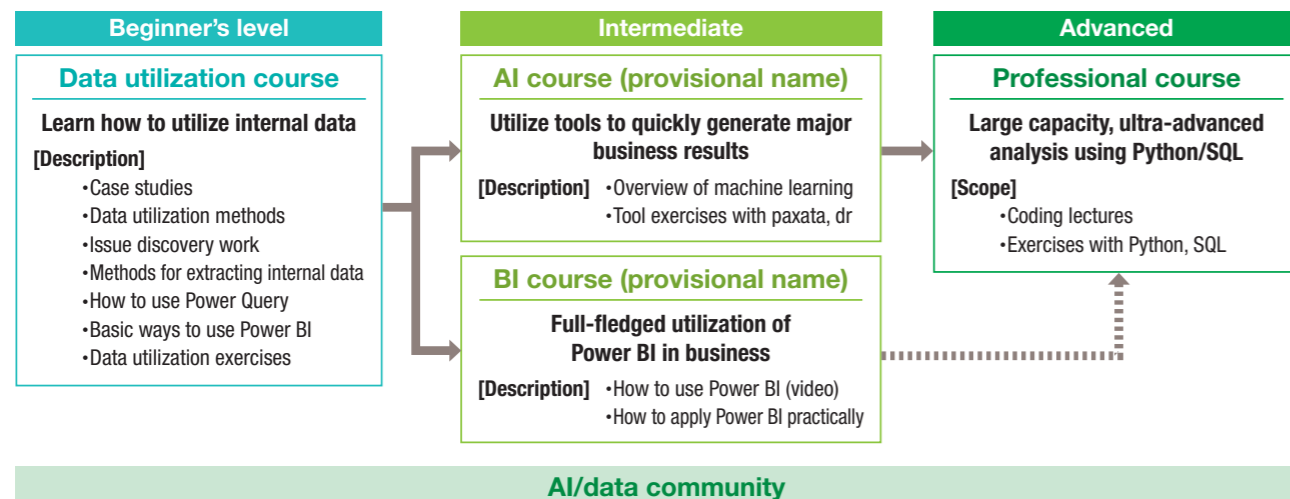
CX Framework



Specific CX Project Initiatives

Developing data-proficient human resources

To help us transform into a data-driven company, we conduct the Data Science Program to increase the data literacy of officers and employees. Promoted as an in-house program, it was held eight times in fiscal 2021 (beginners' course on utilizing data), and 76 employees participated to proactively acquire data skills. For fiscal 2022, we are planning a program for management-level employees and an AI course to further promote the development of data-proficient human resources.



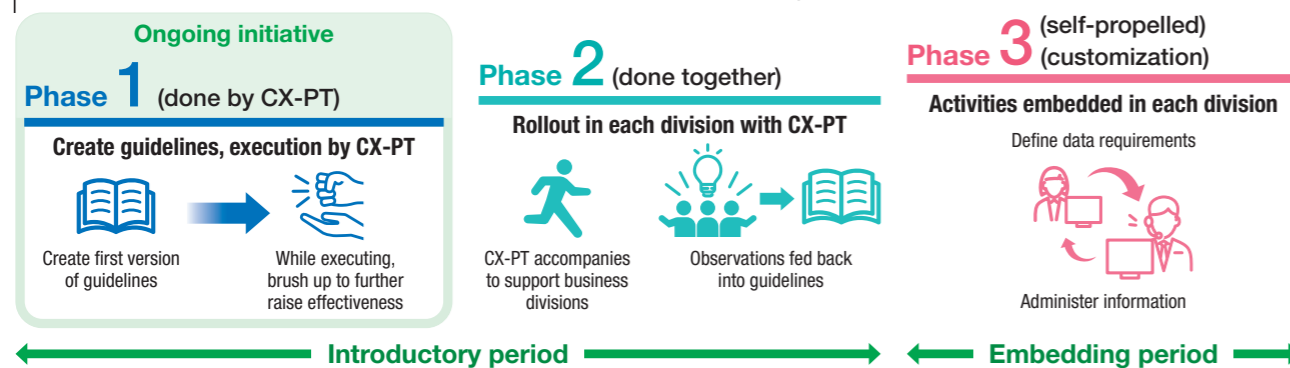
Establishment of Data Management Office (DMO)

The Data Management Office (DMO) began activities in April 2022 to build a foundation for the everyday utilization of data in each division.

The DMO conducts activities daily in close coordination with each division to fulfill our Purpose through data utilization. These activities include 1) providing an environment for timely data collection and consolidation from various systems, processing the data to make possible quick and simple data analysis, and creating instruction manuals; 2) defining requirements for acquiring needed data going forward with an awareness of data utilization from the service planning and design stage; 3) creating guidelines on data utilization and strengthening data governance functions; and 4) administrating an employee community (7Bank Data Salon) for consulting on data utilization and sharing examples of its use in each division.



Steps Taken by the DMO for embedding Data Utilization



Issue in-house "CXPT Journal"

The in-house "CXPT Journal" was issued to provide information companywide on the corporate transformation activities being promoted by the CX Project Team (CX-PT) so that every employee will be able to understand the activities and nourish a sense of ownership in them.



Seven Labo

Seven Labo was established in 2016 to promote innovation. It aims to establish a corporate culture of open innovation by promoting coordination with outside companies and cross-organizational projects. Here we introduce two members of Seven Labo currently leading various initiatives.

Connecting via Social Media

Companies that do not communicate via social media may lose out on opportunities—based on this thought, we began operating social media accounts in 2020. Currently, we are engaged in various activities while coordinating with multiple departments, including monitoring customer posts, providing information, and responding to questions.

Seven Bank ATMs are a form of social infrastructure, so rather than utilizing social media with a focus on increasing sales, we believe that providing the



Seven Bank's official Twitter account

information customers need at the right timing, such as how to use our ATMs, serves to improve customer experience (CX). Social media is a means of efficiently distributing information to a wide range of customers, but it can also be used to carry out one-to-one communication with individuals. We hope to transform organizational awareness while feeding back the two-way communications that take place via social media internally on a daily basis.

Along with social media, we also began efforts in 2021 to utilize owned media ("note") as our recruitment PR. The stories of employees fulfilling our Purpose are communicated to make people previously unaware of Seven Bank aware of us and hopefully relate positively to what we are doing.



Saori Horikoshi
Seven Labo

Connecting with Startups

It is exciting to come into contact with unique startup companies. We strive to create opportunities to begin considering business co-creation. This includes operating the accelerator program sponsored by Seven Bank and participating in meetings of startups, pitch events, and other meet-and-greet opportunities on a routine basis. In addition, I feel motivated to search for possibilities of collaboration with startup companies that have unique technologies, while imagining the type of new world that can be envisioned after co-creation, how it will improve customer convenience, and whether the collaboration will contribute to the business partner's growth.

For example, through a demonstration experiment using fourth-generation ATMs, I do realize that it will be possible to create new services that go beyond wishes of customers by combining our assets with the progressive services of startups. In addition, the financial world is changing rapidly due to technological innovations such as digital currencies and NFTs. Actively participating in these new fields as well, we are exploring new business areas for ourselves.

In order to contribute to Seven Bank's second stage of growth going forward, we will work to create new business opportunities through open innovation.



Accelerator program



Daiki Yamagata
Seven Labo

- 1 Yasuaki Funatake 2 Masaaki Matsuhashi 3 Toshihiko Itami
- 4 Yukiko Kuroda 5 Yukie Toge 6 Makoto Kigawa
- 7 Etsuhiro Takato 8 Hideaki Terashima 9 Katsuhiro Goto
- 10 Koichi Fukuo 11 Kazuhiko Ishiguro 12 Ryoji Sakai



Seven Bank's Management Foundation

Building a staunch foundation
which supports the mid- and
long-term value creation

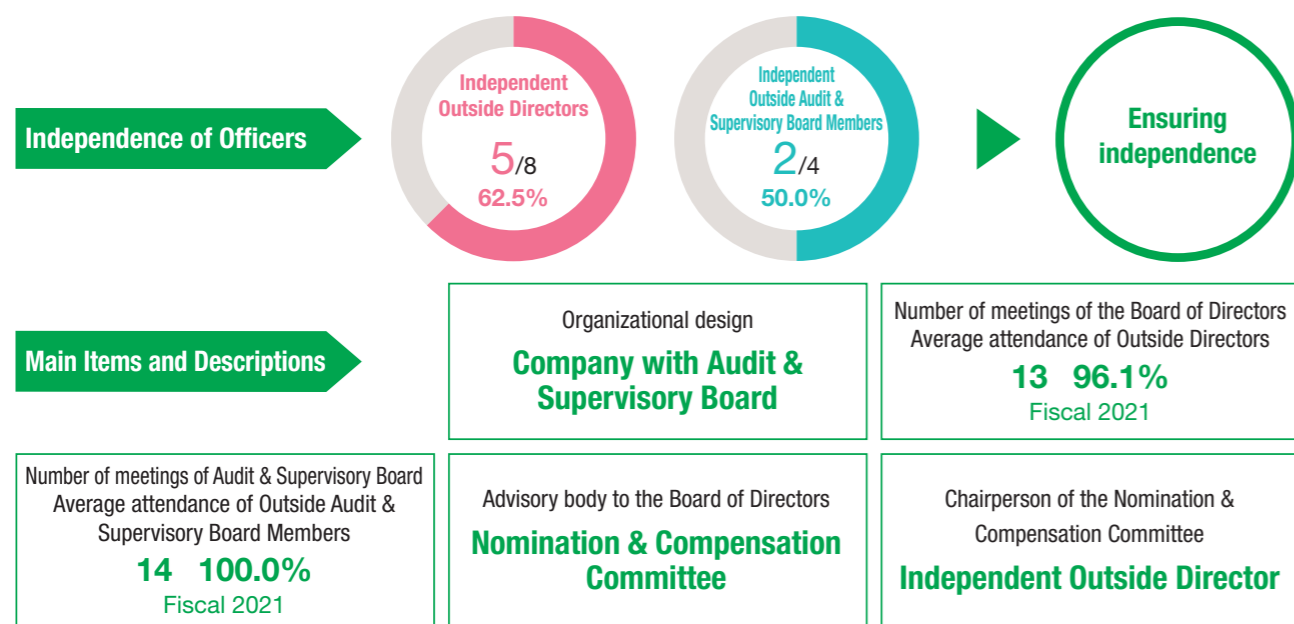


Corporate Governance

Basic Views

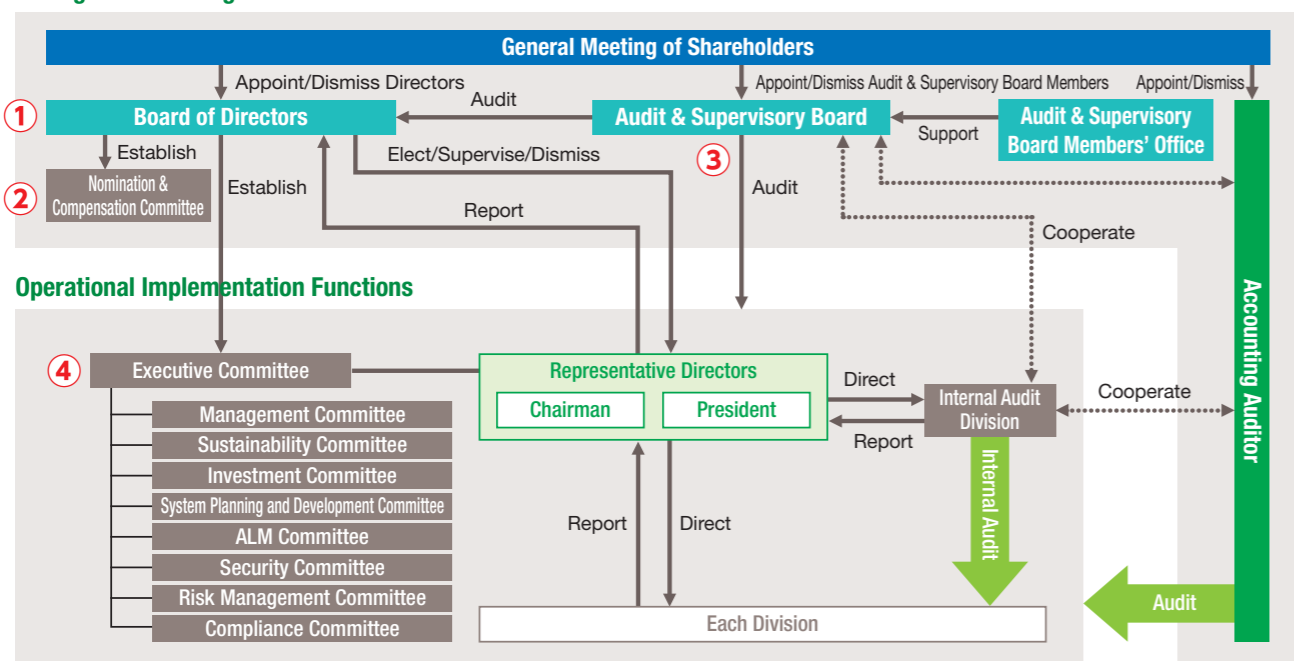
As a bank that owns and operates an ATM network that manages deposits from a large number of customers and has a nature similar to that of public infrastructure, the Bank recognizes that ensuring disciplined corporate management is vital in responding to social trust and seeks to ensure effective corporate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

The Bank adopts the organizational form of a Company with Audit & Supervisory Board. 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 through audits by the Audit & Supervisory Board Members.



Corporate Governance Structure

Management Oversight Functions (As of June 21, 2022)



1 Board of Directors

The Bank's Board of Directors has consisted of eight Directors, including five Independent Outside Directors. The Board of Directors meets, in principle, once a month to decide the Bank's basic management policies and important operational issues and to supervise the execution of duties by Directors with executive authority over operations and Executive Officers.

Major agendas

- Business strategy based on the Medium-term Management Plan
- Initiatives for promoting sustainability (including endorsement of TCFD)
- Situation and future plans of overseas businesses
- Capital increase for subsidiaries and other investments in business

2 Nomination & Compensation Committee

As an advisory body to the Board of Directors, the Bank has established the Nomination & Compensation Committee, chaired by an Independent Outside Director in order to supplement functions of the Board of Directors. 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.



Nomination & Compensation Committee

3 Audit & Supervisory Board

The Bank's Audit & Supervisory Board has consisted of four Audit & Supervisory Board Members, including two Independent 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.

4 Executive Committee

In principle, the Executive Committee meets on a weekly basis to deliberate the execution of important operations, including business plans; acquisition and disposal of assets; credit provision-related issues; borrowing of money and payment of expenses; credit management issues; rewards and sanctions for employees; issues related to employees' working conditions and benefits; the establishment, change and abolition of the organization; and the formation, revision and elimination of rules and regulations, in addition to conferring on issues to be deliberated at the Board of Directors meetings in advance. The Bank has adopted an executive officer system, and the Executive Committee comprises Executive Officers and others nominated by the Board of Directors.

Members of major organizations

Position	Name	Board of Directors	Nomination & Compensation Committee	Executive Committee	Position	Name	Audit & Supervisory Board	Board of Directors	Nomination & Compensation Committee	Executive Committee
Chairman and Representative Director	Yasuaki Funatake	○	○	○	Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro	◎	△	△	△
President and Representative Director	Masaaki Matsuhashi	◎	○	◎	Full-time Audit & Supervisory Board Member	Ryoji Sakai	○	△		△
Director	Katsuhiro Goto	○			Outside Audit & Supervisory Board Member	Hideaki Terashima	○	△		
Outside Director	Makoto Kigawa	○	◎		Outside Audit & Supervisory Board Member	Yukie Toge	○	△		
Outside Director	Toshihiko Itami	○								
Outside Director	Koichi Fukuo	○								
Outside Director	Yukiko Kuroda	○	○							
Outside Director	Etsuhiro Takato	○								
(Executive Officer)	11 other persons			○						

◎ Chairperson
○ Member
△ Observer

Initiatives to Strengthen Corporate Governance

For the sustainable growth and the improvement of corporate value, the Bank has positioned strengthening governance as a key management issue. In FY2021, amid the significant changes in environments surrounding companies, we put emphasis on further increasing effectiveness of the Board of Directors in order to carry out the growth strategies toward the realization of the Purpose, and promote sustainability management centering on resolution of social issues. As a place for more strategic discussion, which we regarded as an issue, "Officers Discussion" is periodically held to conduct discussion under themes which would contribute to management. In FY2022, with a new Outside Director added, we will enhance independence of the Board of Directors, and strive to make governance more effective with the Board of Directors composed of diverse members.

Major initiatives

- 1 Expanded diversity of members of the Board of Directors by adding one Outside Director with global experience in order to incorporate an outside perspective in management.
- 2 To further revitalize discussion from a new perspective in the Nomination & Compensation Committee, reappointed Outside Directors as new committee members.
- 3 Strived to eliminate asymmetric information by expanding the scope of personnel to explain operations at the Board of Directors so that personnel closer to a site can explain. At the same time, provided opportunities to directly talk with personnel to be future executives.

Evaluation of effectiveness of the Board of Directors

The Seven Bank has annually conducted "evaluation of effectiveness of the Board of Directors" since FY2015. In FY2021, a questionnaire survey was conducted for Directors and Audit & Supervisory Board Members in relation to evaluation, etc. for items measured at a fixed point such as operation of the Board of Directors, prior explanations, and contents of deliberations, as well as improved items for a single year. The results were reported to and deliberated at the Board of Directors.

Results of the evaluation for FY2021

The Bank's Board of Directors continues to be operated appropriately under a well-balanced structure featuring diverse knowledge and expertise. And it was confirmed that the Board of Directors has been fulfilling both its decision-making and supervisory functions as all Directors share its roles and responsibilities, while incorporating the perspective of Independent Outside Directors, thereby ensuring its effectiveness. Details of initiatives for specific issues are as follows.

Issues in FY2020	Details of initiatives in FY2021
Advance preparation	To deepen understanding and encourage more active discussion, early provided information to participants in a Board of Directors meeting, and enhanced contents.
Themes for discussion at the Board of Directors, etc.	With regard to setting of a theme for discussion which had been recognized as an issue, conducted discussion under themes which are helpful to management and coincide with the trends, in addition to discussions on business strategies. As a place for discussion, held "Officer Discussion" on a regular basis.
Provision of information on assigned operations and exchange sessions with executive personnel	Facilitated further understanding about business contents by expanding the scope that previously included only Executive Officers to general managers and presidents of subsidiaries. Also, revitalized the Board of Directors by providing opportunities to talk with a wide range of executive personnel.

Priority matters for FY2022

- 1 Advance governance in the Seven Bank Group
Consider issues with which Seven Bank's Board of Directors should be involved
- 2 Continue and enhance strategic discussion, etc.
Set appropriate themes for discussion at the Board of Directors, etc.
- 3 Continue to make executive personnel explain operations
Provide information on the Bank's operations, and provide opportunities for exchange between Outside Officers and executive personnel

Independence Standards for Outside Officers

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 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 of 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.

Other matters concerning Independent Officers

The Bank registers all persons who fulfill the qualifications of Independent Officers, as well as the Independence Standards for Outside Officers, as Independent Officers.

Reasons for Appointment of Outside Officers

	Name	Reasons for Appointment
Outside Directors	Makoto Kigawa	Mr. Makoto Kigawa's experience and insight in corporate management at YAMATO HOLDINGS CO., LTD., etc., have genuinely contributed to the Bank's management
	Toshihiko Itami	Mr. Toshihiko Itami's insight in corporate legal affairs, nurtured for many years in his career as a prosecutor, has genuinely contributed to the Bank's management
	Koichi Fukuo	Mr. Koichi Fukuo's experience and insight as a manager at Honda Motor Co., Ltd., etc., have genuinely contributed to the Bank's management.
	Yukiko Kuroda	Ms. Yukiko Kuroda's experience as a corporate manager and insight related to developing human resources who can handle global business have genuinely contributed to the Bank's management.
New appointment	Etsuhiro Takato	The Bank can expect Mr. Etsuhiro Takato's experience and insight in corporate management, marketing, and global duties at Ajinomoto Co., Inc. to contribute to the Bank's management.
Outside Audit & Supervisory Board Members	Hideaki Terashima	Mr. Hideaki Terashima's broad insight into corporate legal affairs, nurtured in his career as an attorney-at-law, has contributed to audits of the Bank's management.
	Yukie Toge	Ms. Yukie Toge's expertise as a certified public accountant, deep insight as an accounting and systems-related consultant, and experience as a corporate manager has contributed to audits of the Bank's management.

Support Systems/Training Policies for Outside Officers

- 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 Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers").
- 4 Encourage Outside Officers to deepen their understanding of the Bank's management policy 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.

Policy on Compensation of Officers and Compensation System for Officers

Seven Bank's "Policy on Compensation of Officers and Compensation System for Officers" were, excluding compensation for Audit & Supervisory Board Members, proposed to the Board of Directors by the Nomination & Compensation Committee, and determined with a resolution of the Board of Directors as follows:

1 Basic Policy on Compensation of Officers

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

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

2 Method for Determining Compensation, etc. for Individual Officers in the Fiscal Year under Review

The Bank has established a Nomination & Compensation Committee, comprising a total of four members made up of two independent Outside Directors and two Representative Directors, chaired by an Independent Outside Director, as an advisory body to the Board of Directors. The Nomination & Compensation Committee proposes specific amounts of compensation, etc. to be granted to Directors within the range of the total amount approved at the General Meeting of Shareholders, for determination by resolution of the Board of Directors. From the perspective of understanding the process of discussion, Audit & Supervisory Board Members may participate as observers who do not possess voting rights, when a Nomination & Compensation Committee meeting is held. The procedure is stipulated in the Regulations for Officers, which is modified, amended, or abolished by a resolution of the Board of Directors upon discussion with the Audit & Supervisory Board Members.

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

3 Compensation Structure

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

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

Each plan is positioned as follows.

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

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

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

Directors with executive authority over operations	Basic compensation 50%	Bonuses 25%*	Performance-based stock compensation 25%*
▶ Balance between fixed compensation and variable compensation	Fixed compensation 50%		Variable compensation 50%
▶ Balance between cash remuneration and stock compensation	Cash remuneration 75%		Stock compensation 25%
Non-executive Directors and Audit & Supervisory Board Members	Fixed compensation 100%		

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

4 Compensation Level

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

5 Details and Method of Calculation of Variable Compensation

● Bonuses

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

● Performance-based stock compensation

Performance-based stock compensation, which is provided as a medium- to long-term incentive, is composed of a "fixed portion," which grants fixed points for each job rank, and a "performance-based portion," which grants a varying number of points determined by job rank and performance. For each portion, points are granted and accumulate every year of the term of office of the relevant officer, and a number of the Bank's shares corresponding to the amount of accumulated points will be delivered to the officer upon retirement.

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

● Evaluation indicators for variable compensation

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

● Targets and Results of Evaluation Indicators

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Evaluation indicators	Target value (Millions of yen)	Result (Millions of yen)	Degree of target achievement (%)
Consolidated ordinary income	137,600	136,667	99.3
Consolidated ordinary profit	28,300	28,255	99.8

Status of Audits

① Cooperation between Audit & Supervisory Board Members and the Accounting Auditor

Audit & Supervisory Board Members and the Accounting Auditor hold regular meetings to exchange opinions and promote mutual cooperation, based on the audit contract with KPMG AZSA LLC. 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. Members from the Internal Audit Division are also present when receiving accounting audit reports from the Accounting Auditor, in an effort to facilitate close cooperation.

② Cooperation between the Audit & Supervisory Board Members and 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 appropriateness and effectiveness of internal management systems as a whole based on the following items to discover problems, if any, and suggest 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.

- A Status of business plans
- B Compliance system and compliance status
- C Appropriateness and effectiveness of internal controls over financial reporting
- D Systems for and the current status of customer management, including customer protection
- E Systems for and the current status of risk management
- F Internal management systems at each operational department and appropriateness and effectiveness thereof

Internal audits are conducted on all 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 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.

Status of Improvement and Operation of the Internal Control Systems

Concerning the system upgrades stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act, the Board of Directors made a resolution on May 8, 2006, on matters to be implemented by the Bank. Progress of the details of this resolution is reviewed each fiscal year. In line with this resolution, Seven Bank strives for good corporate governance and internal control, while ensuring appropriateness in the Seven Bank Group's operations.

Policy on Governance related to Listed Subsidiaries (Protection of Rights of Minority Shareholders)

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

Seven & i Holdings Co., Ltd. is the Bank's parent company, indirectly holding 46.27% of its voting rights, and therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. When conducting transactions, etc., with the parent company, the Bank will comply with the arm's-length rule under the Banking Law, which is a rule established to prevent the soundness of the Bank's management from being compromised through conflict-of-interest transactions. The Bank fully confirms the necessity for such transactions and that the conditions of such transactions do not differ significantly from conditions of usual transactions with third parties.

■ Relationship with Parent Company, Seven & i Holdings Co., Ltd.

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

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

"Although the Company owns the listed subsidiary, Seven Bank, Ltd., from the standpoint of respecting the independence of Seven Bank, Ltd., we value the management decisions of the said listed subsidiary, and respect the independent and autonomous deliberation and determination of its business strategies, personnel policies, capital policies, etc., as it engages in its own operating activities."
(Excerpt from "Seven & i Management Report" issued by Seven & i Holdings Co., Ltd.; January 12, 2022 edition)

Directors and Officers

*The Bank registers all persons who fulfill the qualifications of Independent Officers as such.

Directors (As of July 1, 2022)

Makoto Kigawa

Outside Director
(Independent Officer)



Attendance

Board of Directors: 12 out of 13 meetings

After serving in a number of important positions, including Representative Director, President, YAMATO HOLDINGS CO., LTD., Mr. Kigawa was appointed as Director of the Bank in June 2018, to the present. He concurrently serves as Special Adviser, YAMATO HOLDINGS CO., LTD., Director, Oki Electric Industry Co., Ltd, Outside Director, The Higo Bank, Ltd., and External Board Member, ICMG Co., Ltd.

Toshihiko Itami

Outside Director
(Independent Officer)



Attendance

Board of Directors: 12 out of 13 meetings

After serving in a number of important positions, including Superintending Prosecutor, Osaka High Public Prosecutors Office, Mr. Itami was appointed as Director of the Bank in June 2018, to the present. He is a registered attorney-at-law with the Daiichi Tokyo Bar Association, concurrently serving as Advisor, Nagashima Ohno & Tsunematsu, Director, TODA CORPORATION, and Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC.

Koichi Fukuo

Outside Director
(Independent Officer)



Attendance

Board of Directors: 13 out of 13 meetings

After serving in a number of important positions, including President and Representative Director, Honda R&D Co., Ltd., and Senior Managing Officer and Director, Honda Motor Co., Ltd., Mr. Fukuo was appointed as Director of the Bank in June 2018, to the present. He concurrently serves as Director, Hitachi Metals, Ltd.

Yukiko Kuroda

Outside Director
(Independent Officer)



Attendance

Board of Directors: 13 out of 13 meetings

After serving in a number of important positions, including Representative Director, People Focus Consulting, Ms. Kuroda was appointed as Director of the Bank in June 2018, to the present. She concurrently serves as Director/Founder, People Focus Consulting, Director, Terumo Corporation, and Independent Director, Obayashi Corporation.

Etsuhiro Takato

Outside Director
(Independent Officer)



After serving in a number of important positions, including Representative Director & Corporate Senior Vice President, Ajinomoto Co., Ltd., Mr. Takato was appointed as Director of the Bank in June 2022, to the present. He concurrently serves as Advisor, Ajinomoto Co., Inc., Director, Milbon Co., Ltd., and Director, TOKYO VERDY, Inc.

Katsuhiro Goto

Director



Attendance

Board of Directors: 12 out of 13 meetings

After serving in a number of important positions, including Managing Director, Ito-Yokado Co., Ltd., Mr. Goto was appointed as Director of the Bank in June 2017, to the present. He concurrently serves as Vice President & Representative Director, Seven & i Holdings Co., Ltd., and Director, Seven-Eleven Japan Co., Ltd.

Yasuaki Funatake

Chairman and Representative Director



Attendance

Board of Directors: 13 out of 13 meetings

After serving in a number of important positions, including Manager of Retail Business Development Division, Shinsei Bank Limited, as well as Director, Executive Officer, General Manager of Business Promotion Division, and Director, Senior Managing Executive Officer, General Manager of Planning Division of the Bank, Mr. Funatake was appointed as President and Representative Director of the Bank in June 2018. He was appointed as Chairman and Representative Director of the Bank in June 2022 to the present.

Masaaki Matsuhashi

President and Representative Director



In addition to work experience in the IT and digital-related areas in NEC Corporation and other companies, Mr. Matsuhashi served in a number of important positions of the Bank, including Managing Executive Officer, General Manager of ATM Solution Division, and Senior Managing Executive Officer in charge of Corporate Transformation Division and Seven Labo. He was appointed as President and Representative Director of the Bank in June 2022.

Audit & Supervisory Board Members (As of July 1, 2022)

Hideaki Terashima

Outside Audit & Supervisory Board Member (Independent Officer)



Attendance

Board of Directors: 13 out of 13 meetings
Audit & Supervisory Board: 14 out of 14 meetings

After serving in a number of important positions, including Professor, Legal Training and Research Institute of Japan, Supreme court of Japan, and Professor, Law School, Senshu University, Mr. Terashima was appointed as Audit & Supervisory Board Member of the Bank in June 2019, to the present. He concurrently serves as an Attorney-at-law registered with the Tokyo Bar Association.

Yukie Toge

Outside Audit & Supervisory Board Member (Independent Officer)



Attendance

Board of Directors: 13 out of 13 meetings
Audit & Supervisory Board: 14 out of 14 meetings

After serving in a number of important positions, including Director (Audit & Supervisory Committee Member), Mabuchi Motor Co., Ltd., Ms. Toge was appointed as Audit & Supervisory Board Member of the Bank in June 2019, to the present. She concurrently serves as Head of Toge Yukie CPA Office, and Representative Director, Felice Consulting Ltd.

Kazuhiko Ishiguro

Full-time Audit & Supervisory Board Member



Attendance

Board of Directors: 13 out of 13 meetings
Audit & Supervisory Board: 14 out of 14 meetings

After serving in a number of important positions, including Executive Managing Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.), and Director, Senior Managing Executive Officer of the Bank, Mr. Ishiguro was appointed as Full-time Audit & Supervisory Board Member of the Bank in June 2020, to the present. He concurrently serves as an Audit & Supervisory Board Member, Signpost Corporation.

Ryoji Sakai

Full-time Audit & Supervisory Board Member



Attendance

Board of Directors: 10 out of 10 meetings
Audit & Supervisory Board: 10 out of 10 meetings

After serving in a number of important positions, including Director, Senior Managing Executive Officer, Head of Planning Division, Financial Division, and Overseas Business Division, Seven Eleven Japan Co., Ltd., Mr. Sakai was appointed as Full-time Audit & Supervisory Board Member of the Bank in June 2021, to the present.

Roles and expertise of Directors and Audit & Supervisory Board Members

We believe that the role of Directors and Audit & Supervisory Board Members is to realize appropriate business management by supervising and auditing business execution while fully understanding the social responsibilities and mission of the banking business. In order to properly fulfill this role, we utilize the skill matrix when appointing Directors and Audit & Supervisory Board Members, and aim for a well-balanced composition of members with diverse skills and expertise.

Position	Name	Corporate Management	Sales and Marketing	Product Development & IT	Global	Human Resources & Labor	Financial Affairs and Finance	Legal Affairs & Risk Management
Outside Director (Independent Officer)	Makoto Kigawa	○				○	○	○
Outside Director (Independent Officer)	Toshihiko Itami					○		○
Outside Director (Independent Officer)	Koichi Fukuo	○	○	○	○			
Outside Director (Independent Officer)	Yukiko Kuroda	○			○	○		
Outside Director (Independent Officer)	Etsuhiro Takato	○	○		○			
Director	Katsuhiro Goto	○	○	○				
Chairman and Representative Director	Yasuaki Funatake	○	○			○	○	
President and Representative Director	Masaaki Matsuhashi	○	○	○				
Outside Audit & Supervisory Board Member (Independent Officer)	Hideaki Terashima					○		○
Outside Audit & Supervisory Board Member (Independent Officer)	Yukie Toge			○			○	
Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro			○				○
Full-time Audit & Supervisory Board Member	Ryoji Sakai				○		○	○

Executive Officer (As of June 21, 2022)

Senior Managing Executive Officer	Hisanao Kawada	Managing Executive Officer	Kazutaka Inagaki	Managing Executive Officer	Kenichi Yamamoto	Managing Executive Officer	Hiroshi Takeuchi
Managing Executive Officer	Koji Fukasawa	Managing Executive Officer	Tsuneo Nagashima	Executive Officer	Miya Kitayama	Executive Officer	Taku Takizawa
Executive Officer	Kenjiro Nishii	Executive Officer	Ken Shimizu	Executive Officer	Tomoaki Nakayama		

Messages from Outside Directors

Outside Directors Message

The question is how to foster corporate value for the future. Seven Bank, based on its new Purpose, is creating a better version of daily life by going beyond the wishes of customers. Facing a number of social issues, we will strive to find keys to solutions and translate this into sustainable growth. To this end, the advice and support of Outside Directors with extensive experience will be indispensable.

The challenge of creating a better version of daily life through R&D on products and services needed by society

I believe that the continued pursuit of exploring new value leveraging ATMs based on our Purpose, "create a better version of daily life by going beyond the wishes of our customers," will lead to its sustainable growth. In order to create a "better version of the future" amid major changes in the needs and values of customers, it will be important to take on the challenge of business model transformation with novel ideas. I intend to draw on my experience in new technology development at an automaker to help strengthen the Bank's research and development on products and services needed by society through the latest digital technologies and data utilization.



Koichi Fukuo,
Outside Director (Independent Officer)

Making Seven Bank ATMs a wholly unique multi-function platform that generates new value

Our network of ATMs, which reaches every part of the country, is evolving into a wholly unique multi-function platform with the potential to generate new value, going beyond conventional cash deposits and withdrawals. By leveraging the competitiveness, we continue to challenge boldly based on a growth strategy closely tied to everyday life through developments of brand new financial service and partnerships with administrative agencies. This will be indispensable to beating the competition in a rapidly changing business environment. But it will not be easy and also entails risk. As it reflects on my own experience, I will encourage any challenges for growth based on all the knowledge how to battle I've gained in banking business and restructuring at Yamato.



Makoto Kigawa,
Outside Director (Independent Officer)

It is human resources that will fulfill our Purpose. Focused on establishing an organization in line with strategy and a culture where employees thrive

While we defined our Purpose last year and is in the process of making a major transition from a cash dispenser service provider to a platformer committed to creating a "better version of daily life,". It is human resources that will make this possible. As a specialist in organizational development, I am focused in particular on how an organization and human resources that align with our strategy should be, and organizational culture. The five priority social issues (materiality) are all deeply connected with our business, and committing sincerely to them will not only contribute to society but also drive future growth.



Yukiko Kuroda,
Outside Director (Independent Officer)

Accommodating the new social environment and achieving sustainable growth by both raising corporate value and solving social issues

In recent years, risks related to sustainability have drawn attention as an important category of emerging risk. Seven Bank has been accelerating initiatives to solve social and environmental issues through its business activities while carrying out discussions and considerations at Sustainability Committee, elevating traditional CSR activities. Going forward, for sustainable growth, Seven Bank will continue to create and provide new value meeting people's needs while precisely responding to the new social environment. It will lead to increase corporate value and also solve social issues at the same time. I intend to play a role in this process.



Toshihiko Itami,
Outside Director (Independent Officer)

Without ever forgetting the customer's perspective, accelerating new value creation and overseas business to lay the foundation for further growth

Implementing management measures that lead to higher social value from the perspective of the SDGs has become important in recent years. Seven Bank is a company that since its founding has always worked to raise both social and economic value by providing valuable services within everyday life from the standpoint of customers. As further advance of cashless payment, however, it will be difficult to achieve sustainable growth on existing business model alone under the social trend. I think it will be essential to create new value that will lead to a "better version of daily life" for customers, which is our Purpose, as well as further accelerate overseas business expansion, which is currently taking place, to raise its ratio of overseas business.



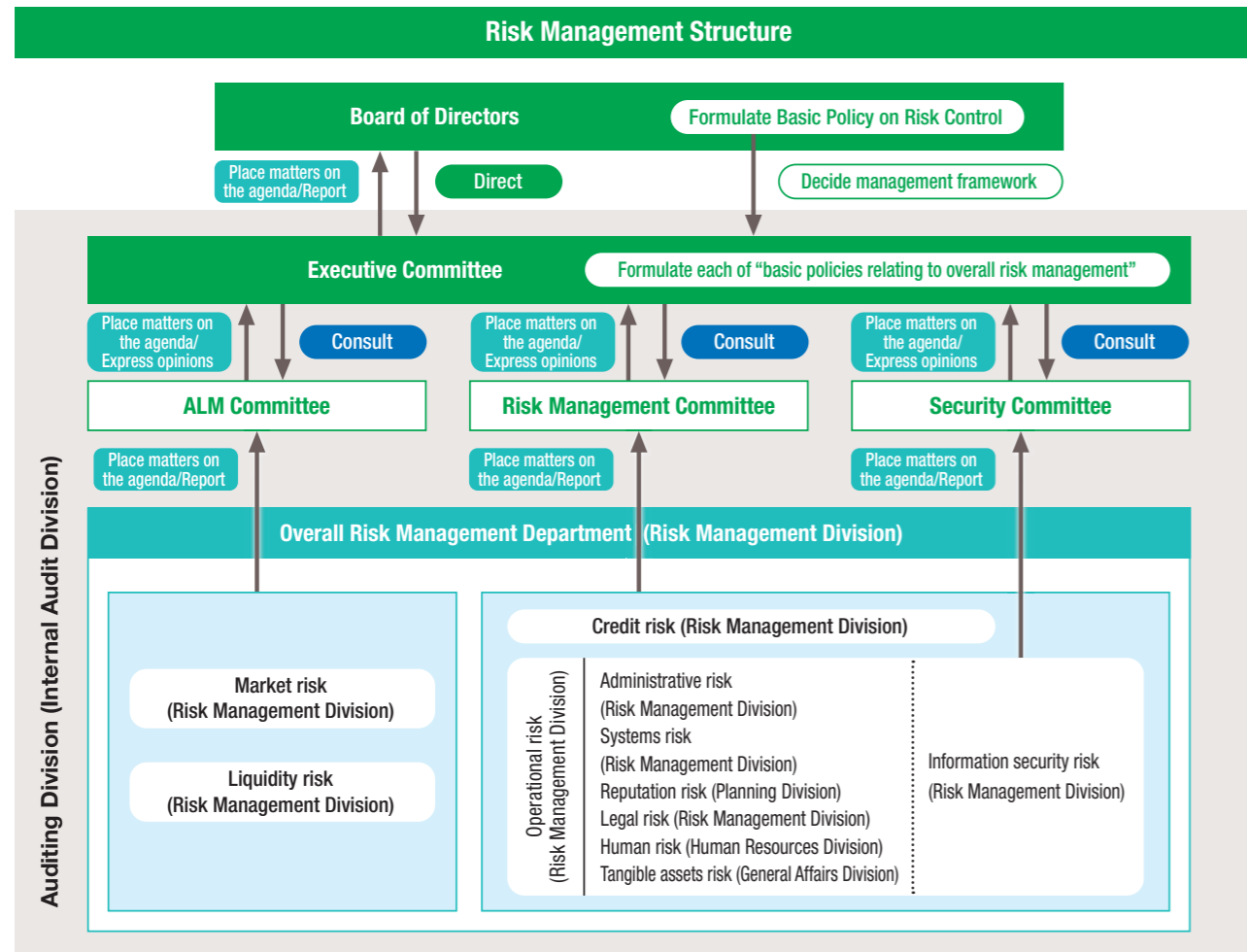
Etsuhiro Takato,
Outside Director (Independent Officer)

Risk Management Initiatives

The purpose of Seven Bank's risk management is to ensure healthy and efficient management as aiming at an improvement in corporate value by appropriately managing various kinds of risks related to management.

Risk Management System

Every fiscal year, the Board of Directors establishes the "Basic Policy on Risk Control," which specifies the overall risk management policy, specific risk management policies and the organization and system for risk management. In accordance with this policy, the Executive Committee establishes detailed rules and regulations related to risk management and confirms the Companywide risk status every quarter. The Bank's risk management structure includes the Risk Management Division, which is responsible for supervising overall risk management activities, specific risk management divisions and the Internal Audit Division to perform internal audits. We have also established the Risk Management Committee and the Security Committee, chaired by the officer in charge of the Risk Management Division, and the Asset-Liability Management (ALM) Committee, chaired by the officer in charge of the Planning Division, as advisory bodies to the Executive Committee concerning risk management.



Overall Management of Risk

The Bank observes its basic policies relating to overall risk management, which are governed by the Basic Policy on Risk Control and Overall Risk Management Rules, established under the policy. We gain an overall grasp of our risks including climate changes by assessing each of the Bank's risk categories and manage them by comparing them with our equity.

Credit Risk

Currently, our risk management activities relating to credit risk are limited to the ATM settlement business, the ALM of interbank deposits placed with top-rated partner financial institutions, bonds, the lending of funds in the call-money market, temporary ATM payment amounts due and small personal loans, to minimize credit risk. In addition, the Bank performs self-assessment of asset quality as appropriate and establishes an allowance for credit losses in accordance with its self-assessment and reserve rules.

Market Risk

It is stipulated that the limits on the maximum level of funds at risk, the market position limits and the loss allowance limits shall be set. The Risk Management Division measures and monitors market risk on a daily basis in light of these limits and reports the results to management, including the Executive Committee. At the ALM Committee meeting held every quarter, the Bank's market risk position, expected trends in interest rates and other matters are reported and the policy for the ALM operation is determined.

Liquidity Risk

It is stipulated that the limits regarding the cash gaps arising from differences between the period of the management of invested funds and the timing of the liquidation shall be set. The Risk Management Division measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to management, including the Executive Committee. To prepare for emergency events requiring immediate funding, the Bank has devised preemptive comprehensive countermeasures to be able to take quick and flexible Companywide action by risk scenario, and therefore does not expect to experience a major liquidity problem.

Operational Risk

Recognizing that operational risks may come to the surface in all business divisions, the Bank has established the structure to identify, evaluate, monitor, control, and reduce risks. Risk categories are as follows.



Management System of Information Security Risk

With the further progression of IT, occurrence of unauthorized access events and increasing information security risks making it necessary to ensure cybersecurity, we established the dedicated team of the cyber security management in fiscal 2020 in order to protect the Group's information assets such as customer information from various threats. We established Cybersecurity Risk Rules and hold Security Committee meetings at least once in the quarterly period to discuss effective security measures.

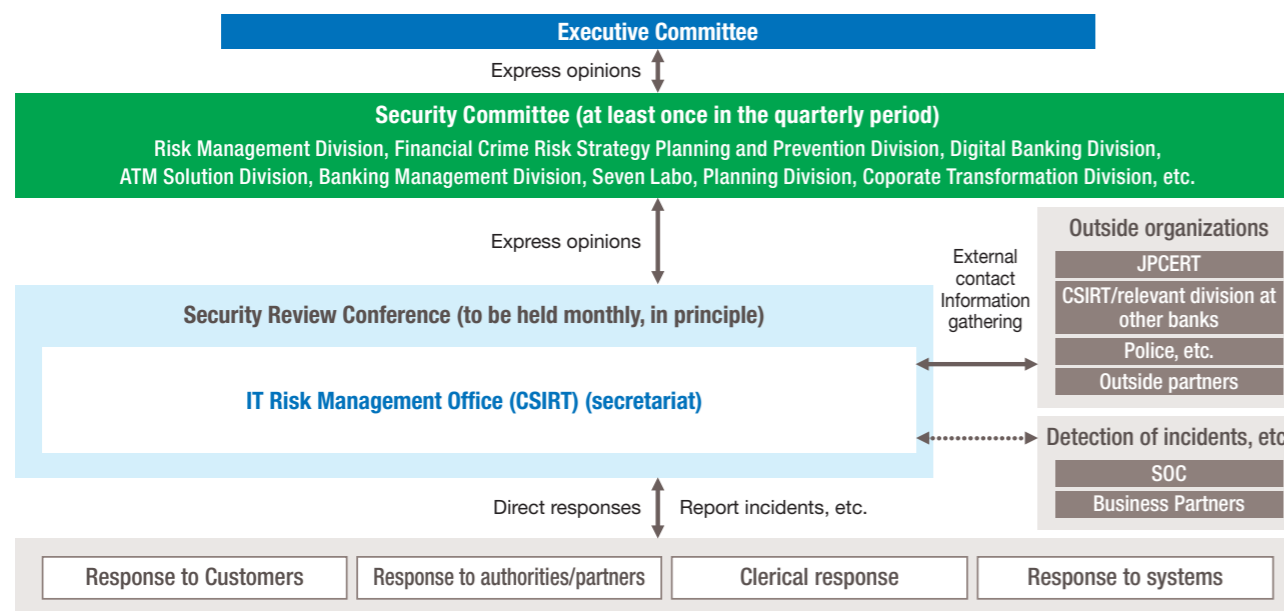
Initiatives for Enhancing Cyber Security

The dedicated team for the cyber security management is in charge of the Bank-wide management of cybersecurity risks, composed of members from multiple divisions. The team widely responds to attacks to the Bank's systems, including cyber attacks, skimming, fake cards, unauthorized access, and information leakage.

Believing the balanced combination of human resources, mechanism, and technology is necessary to maintain security, the Bank is working on each of them.

- Human resources:** Create security-conscious corporate culture, develop personnel for security
- Mechanism:** Improve rules/procedures on which governance is based, implement Security by Design
- Technology:** Respond to results of the Bank-wide security diagnosis

Cyber Security Structure



Establishment of Business Continuity Plan (BCP)

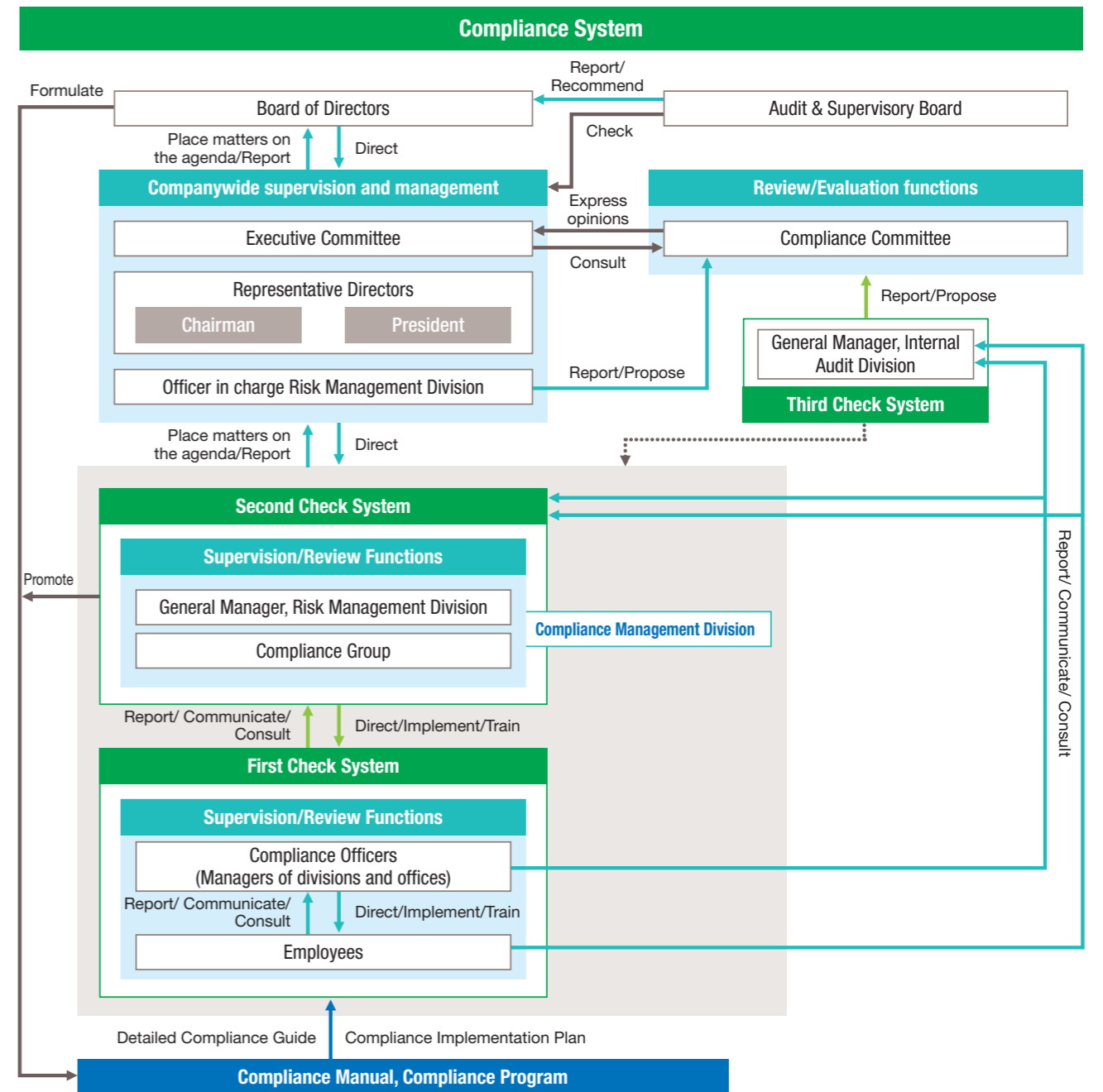
To fulfill our social responsibility as a bank, Seven Bank has defined the following three operations as top priorities for continuity in the event of a disaster, large-scale accident, or other crisis: the ATM business; the fund settlement business serving banks and ATM partners; and withdrawals from the Bank's accounts and money transfer operations. Each division has also created a Business Continuity Plan (BCP) to enable continuity of these essential operations in the event of an accident, disaster, or other crisis. To further ensure the business continuity, each division regularly conducts the business continuity training, envisioning damage to data centers and other facilities.

Compliance Initiatives

The Bank regards compliance with applicable laws and societal norms as a fundamental prerequisite to earning the trust of society. Aware of the importance of its public mission and the significance of its societal responsibilities, the Bank has developed the following initiatives to ensure compliance.

Compliance System

In order to allow each employee in charge of real operations to have strong awareness of and knowledge base for pursuing compliance, Seven Bank has in place the following system so that the compliance check can appropriately function at each division to ensure the thorough compliance across the Bank.



Compliance Committee

Seven Bank has established Compliance Committee as an advisory organization to the Executive Committee which confirms and verifies the status of compliance related to operations in general, and considers measures concerning compliance, so as to further enhance and improve the compliance system. The Compliance Committee has functions to consider responses to compliance-related problems and issues, material compliance violations, etc., and countermeasures therefor. The Committee reports, considers, and evaluates important compliance-related matters which should be treated as management issues.

Major Agendas of Compliance Committee in FY2021

- 1 Results and plans of compliance program
- 2 Operation of the compliance consultation system
- 3 Revision of Compliance Manual
- 4 Responses to financial crimes and antisocial groups
- 5 Future management structure including customer protection
- 6 Seven Bank's Measures based on results of FATA Mutual-Evaluation Report of Japan

Compliance Program

The Bank establishes a compliance program each fiscal year that sets out the compliance implementation plan for that year. The Board of Directors reviews and evaluates the progress and implementation status of the compliance program for the relevant year and, using such reviews and evaluations, formulates a compliance program for the following fiscal year.

Items	Issues/Policies
Information Management	1 Appropriate information management in light of the revision of Act on the Protection of Personal Information
Anti-Money Laundering •The Act for Prevention of Transfer of Criminal Proceeds •Foreign Exchange and Foreign Trade Act	1 Establishment of Seven Bank Group Management Structure
	2 Continuous enhancement of customer management structure
	3 Provision of training and education for Officers and employees
	4 Conducting audit on a regular basis
Foreign Account Tax Compliance Act (FATCA)	1 Accurate performance of FATCA annual report

Main Compliance Issues

Prevention of Money Laundering and Financial Crimes, and Measures against Antisocial Groups

Seven Bank determined the policy for countermeasures for money laundering and provision of terrorist fund. In addition, through strict confirmation at transactions, etc., the Bank has put emphasis on eliminating relationships with antisocial groups and preventing fraudulent accounts from being opened.

To be more specific, among other steps, the Bank asks applicants opening accounts to sign an affidavit stating they are not associated with antisocial forces. By including provisions that explicitly indicate the exclusion of organized crime groups in the transaction rules and other clauses, the Bank can reject the account application and close the account upon finding that the customer falls under or is associated with antisocial forces.

In addition, the Bank has established a structure to ensure it can take appropriate actions in an organized manner against wrongful demands and other similar events in accordance with internal rules and regulations. Moreover, the Financial Crime Risk Strategy Planning and Prevention Division, a dedicated unit to combat financial crimes, prevents money laundering, eliminates fraudulent accounts, prevents communications fraud and other fraudulent activities, and appropriately cooperates with the police and other investigating authorities, by monitoring and filtering transactions.

Response to the Revised Act on the Protection of Personal Information

The Amendment Act of the Act on the Protection of Personal Information, etc. (Revised Act on the Protection of Personal Information) was fully enforced on April 1, 2022.

With the aim of protecting customers' rights and benefits, Seven Bank has confirmed handling of personal information and present status of the management systems again. The Bank also revised internal rules including the personal information management regulations and the privacy policy, and enhanced information management and security with systems. To increase awareness of the protection of personal information, training has been provided to employees and Officers.

Compliance Consultation System

The Bank has established a Compliance Consultation System to identify and address compliance issues early, and prevent reoccurrences. The system provides contact points for both internal and external consultation and reporting.

As contact points for employees seeking consultations or reporting issues, employees can consult the compliance officer in their divisions. In addition, the Compliance Consultation Desk within the Bank and the Groupwide Help Line (a consultation and reporting contact point for all Seven & i Group companies) outside the Bank have been established. Posters with contact information have been put up and book-lets with contact information have been distributed to all employees to ensure their awareness of these contact points. The International Hotline has also been established for employees of foreign subsidiaries as a point of contact for consultations in local languages.

In addition, to promote fair transactions and provide safe and secure services for customers, a Suppliers' Help Line (a consultation and reporting contact point for all Seven & i Group companies) has been established for suppliers.



Groupwide Help Line

Suppliers' Help Line

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Summary of Fiscal 2021

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

In this operating environment, the Bank's group has strived to fulfill its mission as a social infrastructure that continues to provide safe and secure services, including ATM services, with the highest priority placed on ensuring the safety of customers, business partners, and employees. As for the Bank's consolidated business results for fiscal 2021, despite an increase in the total number of ATM transactions, the introduction of a new ATM-related fee income system for banks, as well as future growth investment and cost increases, including fourth-generation ATMs, were the main backdrop for ordinary income to record 136,667 million yen. Ordinary profit was 28,255 million yen, and net income attributable to owners of the parent was 20,827 million yen.

As for the Bank's non-consolidated business results, ordinary income was 110,298 million yen, ordinary profit was 28,412 million yen, and net income was 18,135 million yen.

A summary of operating results by segment is as follows.

(1) Domestic Business Segment

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

In addition to creating an environment where one can receive services anytime and anywhere through the alternative of ATM operation and the active installation of ATMs outside the Group, the Bank's group has started to enable application through ATMs for using an Individual Number Card as a health insurance card, and ATM identity authentication services as a demonstration experiment, steadily promoting the evolution of "ATM+."

The number of our ATMs installed reached 26,253 as of March 31, 2022 (up 2.2% compared with the end of March 2021). The average number of daily transactions per ATM was 96.5 (up 6.5% year over year), and a total of 910 million ATM transactions were recorded (up 8.8% year over year). As of March 31, 2022, we had partnered with 620 financial institutions, etc.* and the number of fourth-generation ATMs installed was 10,178 as of March 31, 2022 (up 69.0% compared with the end of March 2021).

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

Moreover, the smartphone app, "My Seven Bank," has been

very well received due to its simple and easy-to-use UI and UX, in addition to its instant account opening service, which allows an account to be opened in as little as 10 minutes using online personal authentication. As of March 31, 2022, the cumulative number of downloads reached 1.51 million. The number of individual customer accounts increased steadily to 2,528,000 (up 6.9% compared with the end of March 2021), the balance of individuals' deposits was 550,700 million yen (up 6.1% year over year) and the balance of loan services for individual customers was 28,000 million yen (up 15.3% year over year).

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

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

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

(2) Overseas Business Segment

Despite economic stimulus measures such as the provision of benefits implemented by the United States government in the first quarter of the fiscal year that boosted the number of ATM transactions, FCTI, Inc., the Bank's consolidated subsidiary, saw the number of ATM transactions fall below that of the corresponding period of the previous year due to the prolonged impact of COVID-19. As a result of systematically reorganizing ATMs with low profitability that were installed at locations outside of United States 7-Eleven stores, the number of ATMs installed as of December 31, 2021 totaled 9,004 (down 3.8% compared to December 31, 2020), including 8,688 ATMs (up 1.5% compared to December 31, 2020) installed inside 7-Eleven stores in the United States.

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

PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank in Indonesia, steadily promoted its business even amid the COVID-19 pandemic and greatly increased the number of ATMs installed to 2,551 as of December 31, 2021 (up 249.4% compared to December 31, 2020).

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

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

Summary of Financial Position of Fiscal 2021

Assets

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

Liabilities

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

Net assets

Net assets were 244,113 million yen. Of these, retained earnings were 176,549 million yen. The consolidated capital adequacy ratio (domestic standard) was 47.31%.

Summary of Cash Flows of Fiscal 2021

Cash and cash equivalents decreased by 6,541 million yen during the fiscal year under review to 931,404 million yen. Cash flows in each category and the factors behind the changes were as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities was 41,311 million yen. Factors contributing to cash included income before income taxes and non-controlling interests of 27,154 million yen and depreciation of fixed assets of 16,388 million yen. These factors exceeded factors using cash, such as 8,734 million yen in income taxes paid.

Cash Flow from Investing Activities

Net cash used in investing activities was 36,114 million yen. Factors that used cash included purchase of securities of 23,739 million yen and purchase of tangible fixed assets of 12,468 million yen. These exceeded the factor that provided cash: proceeds from maturity of securities of 11,892 million yen.

Cash Flow from Financing Activities

Net cash used in financing activities was 12,727 million yen, due to factors including 12,967 million yen in dividends paid and purchase of treasury stock of 97 million yen.

Outlook for Fiscal 2022

As for the consolidated business results for fiscal 2022, we forecast ordinary income of 149,000 million yen (up 9.0% year over year), ordinary profit of 28,000 million yen (down 0.9% year over year), and net income attributable to owners of the parent of 19,500 million yen (down 6.3% year over year).

As for the non-consolidated business results of the Bank for fiscal 2022, we forecast ordinary income of 116,500 million yen (up 5.6% year over year), ordinary profit of 27,500 million yen (down 3.2% year over year), and net income of 19,000 million yen (up 4.7% year over year).

For fiscal 2022, we will continue to work on expanding the number of ATMs installed and promoting their use. We plan to install approximately 26,953 ATMs (up 2.6% compared to March 31, 2022) with a total number of ATM transactions of approximately 948 million (up 4.1% year over year) and the average number of daily transactions per ATM of approximately 97.7 (up 1.2% year over year). We will also work to expand the number of ATMs installed in Asia, and plan to install approximately 5,500 ATMs (up 115.6% compared to December 31, 2021) in Indonesia, and approximately 3,050 ATMs (up 144.1% compared to December 31, 2021) in the Philippines. In addition to the above, we plan to further expand our services, whether they are financial or non-financial ones, using fourth-generation ATMs to realize an "ATM+" world. In response to these plans, the number of ATMs installed and the total number of ATM transactions are expected to grow, leading to an increase in ordinary income. However, as expenses will increase ahead of profits, we expect ordinary profit and net income to decrease.

(Consolidated business results forecast)

	Fiscal 2022	
		Year-over-year change
Ordinary income	149,000 million yen	Up 9.0%
Ordinary profit	28,000 million yen	Down 0.9%
Net income attributable to owners of the parent	19,500 million yen	Down 6.3%

* Foreign exchange rate assumed: USD1.00 = JPY114.00

(Non-consolidated business results forecast of the Bank)

	Fiscal 2022	
		Year-over-year change
Ordinary income	116,500 million yen	Up 5.6%
Ordinary profit	27,500 million yen	Down 3.2%
Net income	19,000 million yen	Up 4.7%

Risk Factors

Major risks related to Seven Bank's business and other areas that have been recognized by management as possibly having significant effects on the financial condition, operating results, and cash flows of the consolidated companies are listed below. Moreover, items that may not qualify as such but are deemed important for investment decisions of investors are also disclosed below, for the purpose of proactive disclosure to investors. Risks related to the Bank's business and other areas are not limited to those stated, and the Bank does not guarantee that it is free from risks other than those stated, including those that are unidentified.

Certain items in this section may contain forward-looking statements. However, unless otherwise stated, all judgments were made at the end of the consolidated fiscal year under review.

Under the Basic Policy on Risk Control, which is determined by the Bank's Board of Directors, the Bank has established Bank-wide risk management policies, management policies for specific risks, and a risk management organization and structure as a framework to

appropriately recognize and manage various types of risks in its operations. In addition, for appropriate risk management, the Bank has established a Risk Management Committee, an Asset-Liability Management (ALM) Committee, and a Security Committee as advisory bodies to the Executive Committee with respect to risks; the Risk Management Division, which is responsible for supervising overall Bank-wide risk management activities; and risk management divisions for managing specific types of risk.

1. Risk Relating to Our Business Strategy

(1) Domestic Business Segment

Seven Bank substantially depends on the ATM platform business for its revenues. The Bank is steadily increasing the number of ATMs, developing and offering its proprietary new ATM services as well as enhancing security, to increase customers' convenience and sense of security. However, changes that threaten the ATM platform business model, such as those described below, could affect the Bank's results and financial position.

A) Increase in the use of non-cash payment methods

The further increase in the use of non-cash payment methods in the future could reduce the number of ATM transactions, which could affect the Bank's results.

To increase the number of ATM transactions even in such an environment, the Bank will strive to create new ATM services that go beyond conventional concepts, including services that enable charging (loading money onto) electronic money for public transportation and QR code settlement, and ATM pick-up (cash receiving services) to expand their social value.

B) Growing competition from other ATM networks

Seven Bank competes with companies installing ATMs at convenience stores and other locations outside the Group. In addition, competition with financial institutions that have ATM networks could increase if these institutions actively expand their ATM networks.

In the future, increased competition with these companies could cause such challenges as a decrease in the number of users of the Bank's ATMs or a decrease in ATM-related fee income, which could affect the Bank's results and financial position.

C) Changes in economic conditions

The level of ATM-related fee income that Seven Bank charges its partners is judged by both parties to be reasonable. However, the level of the ATM-related fee income may decline, or failure to agree on ATM-related fee income levels may dissolve partnerships, which could affect the Bank's results and financial position.

D) Difficulty in securing ATM locations

Seven Bank has in a stable manner secured and expanded locations for ATMs, centered on the Seven & i Group stores, and is expanding the installation of ATMs at commercial facilities and other non-Group sites. In the future, however, obstacles to maintaining or expanding ATM locations could affect the Bank's results.

E) Effect of amendment of laws, etc., on partner companies' business

An amendment of a law or regulation, etc., related to the business of a partner company that results in a substantial decrease in the

use of Seven Bank's ATMs by the customers of such partner company could cause a decline in ATM-related fee income and other outcomes that could affect the Bank's results.

F) Higher interest rates

Seven Bank procures necessary cash for its ATM platform business through deposits, bonds, and other means. The cost of this fund procurement is influenced by market interest rate trends.

The Bank takes appropriate steps to minimize the impact of interest rate fluctuations, such as procuring long-term funds at fixed rates. However, substantial interest rate fluctuations could cause an unanticipated rise in fund procurement costs, which could affect the Bank's results and financial position.

In addition, Seven Bank offers ordinary deposits and time deposits, personal loans, and international money transfer services for individuals, and debit card service, as well as back-office support on commission for other financial institutions through its domestic consolidated subsidiary. However, there is no guarantee that these services will successfully expand.

In addition, Seven Bank may offer new services or establish other new businesses that it is not currently handling to expand its business domain but cannot guarantee that they will succeed. When expanding new businesses, the Bank may also establish new consolidated subsidiaries, engage in M&A or form capital alliances with other corporations. However, the inability of the Bank to realize the initially expected effect of these strategic investments and to achieve its strategic objectives could affect the Bank's results and financial position.

(2) Overseas Business Segment

A) Country risks

Seven Bank has consolidated subsidiaries that operate ATMs in the United States, Indonesia, and the Philippines. The future occurrence of major changes in the political or economic environment surrounding these consolidated subsidiaries, an unforeseen event such as a natural disaster, or poor business performance of these consolidated subsidiaries could affect the Bank's results.

B) Higher interest rates and foreign exchange risks

In its overseas business, Seven Bank procures necessary cash for its ATM business from financial institutions and other sources. However, rising market interest rates could affect the Bank's results. In addition, exchange rate fluctuations could decrease the Bank's profits.

C) Risks of crime, etc.

The above consolidated subsidiaries are expanding the number of ATMs installed in response to strong demand for ATM installation. However, the locations for ATMs include some areas where security is more unstable than in Japan. The Bank takes adequate security measures, assuming a variety of crimes. However, ATMs may be damaged or cash in ATMs may be stolen as a result of a physical attack on ATMs or other unexpected crimes, which could result in a loss.

(3) Impairment of Fixed Assets

Seven Bank holds tangible fixed assets and intangible fixed assets including goodwill. Factors such as worsening profitability of assets held or consolidated subsidiaries or a decline in the

value of other assets could make it necessary to record impairment of these assets, which could affect the Bank's results and financial position.

2. System Failure

Seven Bank has established Systems Risk Rules to articulate its fundamental policies related to system risk management and, by developing and operating its systems based on the rules, it is striving to realize efficient system development, improved system quality, and stable system operations. In addition, the Bank has adopted a system configuration that employs two system centers that are always in operation, redundant server network equipment, and 24/365 monitoring operations, as well as the implementation of other system failure countermeasures. In addition, in accordance with the importance of files, programs, etc., the Bank performs data backups and has taken measures for remote-location data storage in preparation for unexpected situations.

However, it is impossible to completely eliminate the danger of system function interruptions due to failure resulting from factors, including such natural disasters as large earthquakes and typhoons, power outages, network failure, computer viruses, or human error. Such interruptions could affect the Bank's results.

3. External Contractors

Seven Bank outsources key tasks, including ATM cash replenishment, development and operation of various systems, ATM security and management, and call center operations. In addition, the Bank outsources cash card issuance and mail delivery for new deposit accounts.

Relationships with these external contractors are currently satisfactory. However, increasing fees resulting from deterioration of their operating environments or difficulties in continuing to provide services for any reason could affect the Bank's results.

4. Relationship with Seven & i Group

Overall, Seven Bank determines issues, including business strategy, personnel policy, and capital policy autonomously after independent consideration. However, the Bank operates its ATM platform business by installing ATMs primarily in the stores of companies that are part of the Seven & i Group.

(1) Equity Relationship

Seven Bank is a consolidated subsidiary of Seven & i Holdings Co., Ltd. (the "Company") which is listed on the Prime Section of the Tokyo Stock Exchange. As of March 31, 2022, the Company controls 46.27% of the voting rights of Seven Bank. The Company is expected to remain a major Seven Bank shareholder, and the Bank cannot guarantee that the Company will not influence its policies and decisions.

(2) Transactional Relationships

As of March 31, 2022, Seven Bank had installed 23,212 ATMs at the Group stores (22,550 ATMs at 7-Eleven stores, 254 ATMs at Ito-Yokado stores, and 408 ATMs at other locations in the Group). In addition, the Bank has installed 3,041 ATMs at locations other than the Group stores. Thus, approximately 90% of the Bank's ATMs are installed at the Group stores. Difficulties in keeping ATMs installed at the Group stores or a marked decrease in customers at the Group stores could affect the Bank's results.

In addition, Seven Bank pays ATM installation fees to the Group, but major changes in fee terms could affect the Bank's results.

5. Response to Financial Crime

Seven Bank's business consists primarily of the execution of non-face-to-face transactions, mainly via ATMs. As such, the Bank undertakes strict customer due diligence when customers apply to open new accounts. In addition, the Bank monitors the status of usage of ATMs and accounts to prevent them from being abused for financial crimes and focuses on protecting customers. However, reputation damage and other factors arising from a temporary failure to keep pace with increasingly intricate and sophisticated criminal techniques could affect the Bank's social standing or its results.

6. Litigation

To date, Seven Bank has not been involved in significant litigation. In addition, with a focus on preventative measures, the Bank is working to minimize litigation risk in consultation with attorneys who specialize in this area. However, there is no guarantee that the Bank will not be subject to litigation or disputes that could affect its results and financial position in the future, resulting from legal issues, such as legal violations or inadequate contractual agreements.

7. Effects of Legal Amendments

Seven Bank operates its businesses in compliance with current laws and regulations. However, the contents or effects of future legal amendments are difficult to predict or control. Consequently, there is no guarantee that in the future the Bank will be able to continue to execute its business under initial assumptions.

8. Regulations

Based on the regulations in Article 4, Paragraph 1 of the Banking Law, Seven Bank has received a license to operate in the banking business (Financial Supervisory Agency License Number 1812) that enables it to take deposits, handle currency exchange, make loans, and conduct other relevant business. However, based on the regulations in Article 4, Paragraph 4 of the Banking Law (see note), Seven Bank's banking license is subject to certain conditions. Future new businesses such as foreign currency-denominated accounts will require the approval of the commissioner of the Financial Services Agency as the head of the supervisory authority.

Based on the progress in application for approval, Seven Bank may not be able to develop new businesses as planned, which could affect the Bank's results.

In addition, regarding the banking business, Articles 26 and 27 of the Banking Law specify prerequisites for issues, including suspension of operations and license revocation, respectively. If these prerequisites are applicable, the Bank may be legally required to suspend its operations or its license may be revoked.

The Bank is currently aware of no reason for these measures to be taken. However, future suspension of operations or license revocation for any reason could obstruct the Bank's business activities and could materially affect the Bank's results.

Note: Article 4, Paragraph 4 of the Banking Law: When the prime minister deems it necessary for the public interest based on consideration of the regulations of

the preceding two paragraphs, the prime minister may attach conditions to the license of the first paragraph and modify the license to the extent necessary.

9. Capital Adequacy Ratio

Seven Bank does not have sales bases overseas. Therefore, Seven Bank must maintain a ratio of non-consolidated net assets to total assets above 4% according to the domestic standard specified by "Criteria for Judging Whether A Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Law (Notification Number 19 of 2006, the Financial Services Agency)."

Currently, Seven Bank's non-consolidated capital adequacy ratio substantially exceeds the relevant standard. However, the Bank may be unable to meet its required capital adequacy standard if various business or other risks specified by the relevant provisions materialize or the regulations or other relevant items change in the future.

10. Personal Information Leakage

Through its banking business, Seven Bank possesses a large amount of customer information, including personal information. As a business handling personal information as specified by Act on the Protection of Personal Information, the Bank announces or otherwise publicizes the purpose for using personal information, safely administers personal information, duly considers requests for disclosure of personal information on file from the subject, and ensures thorough awareness within the Bank to that effect as stipulated by in-house personal information management regulations. Furthermore, the Bank concludes the memoranda with, and conducts strict, thorough management of the handling of personal information by, subcontractors. However, serious damage to customers from large-scale information leakage may result in orders or punitive measures from regulatory authorities, claims for damages, and reputation damage. These and other factors may affect the Bank's results and financial position.

11. Reduced Liquidity due to Ratings Downgrade

Seven Bank currently has a long-term issuer rating of A with a negative outlook and a short-term issuer rating of A-1 from S&P Global Ratings. The Bank also has an issuer rating of AA- with a stable outlook from Rating & Investment Information, Inc.

However, there is no guarantee that the Bank can maintain these ratings in the future. A rating downgrade may affect the Bank's capital and fund procurement.

12. Securing Personnel

Securing the personnel required to continuously expand as a bank centered on the ATM platform business, and to develop new businesses, is an essential part of Seven Bank's business strategy.

Seven Bank competes for personnel not only with other financial institutions, but also with Internet service-related businesses, systems-related businesses, and other entities. Consequently, an inability to continually hire, train, and retain required personnel may affect the Bank's results and future development.

13. Reputation

Seven Bank has established Reputation Risk Rules that set the range of reputation risks to be recognized as follows.

- Gossip and rumors among customers, in markets, on the Internet, in e-mail, etc. (hereinafter "rumors")
- Rumors caused by inaccurate or inadequate reporting by mass media
- A negative public image caused by an inappropriate response to accidents, such as system failure, personal information leakage or operational error, or a fundamental management problem
- Rumors related to financial institutions that are partners in the ATM business, external contractors, or other partners

Seven Bank's basic policy is to respond to these reputation risks accurately and urgently, based on the facts. The Bank will take care to prevent the generation of rumors that may damage it. It also has a framework in place to minimize damage by responding appropriately internally and externally in the event that one of the above-noted risks materializes.

However, because Seven Bank has many business partners and external contractors, it could become involved in various difficulties even if it is not to blame, which has the potential to affect the Bank's reputation and results.

14. Outbreak and Spread of Infectious Diseases

Harsh conditions continued as personal consumption, including the consumption of services, and corporate activity stagnated markedly due to the impact of the spread of COVID-19. It is still impossible to predict when the pandemic will be contained, and with concerns about the renewed spread of the infection in the future, the situation remains uncertain.

To prevent the further spread of the infections, Seven Bank has been making efforts to enforce infection prevention measures for its employees and external contractors, such as promoting work from home and staggered working hours, having employees take temperature when they come to work, and holding meetings online, whether they are internal or external ones. However, if the infections continue to spread, it may disrupt the operations of Seven Bank and affect the Bank's results.

15. Soaring Labor Costs and Prices

Rising resource prices against the backdrop of the situation in Ukraine, and rising labor costs due to structural labor shortages may lead to an increase in ATM operation expenses and parts procurement costs, which may disrupt the operations of Seven Bank and affect the Bank's results.

16. Impacts of Climate Change

Increased frequency of natural disasters such as torrential rains, typhoons, and floods caused by climate change may damage the Seven Bank's facilities including ATMs. If this happens, it may disrupt the Bank's operating activities, and if the impact is prolonged, economic activities may be restricted and the number of ATM transactions may decrease, which could affect the Bank's results.

Seven Bank positions climate change as one of the important management issues. For this reason, we endorsed the TCFD recommendations in December 2021. In accordance with the TCFD framework, the Bank will examine the impact on its business activities and disclose the results one after another.

Status of the Corporate Group

The Bank's group comprises 13 companies, i.e., the Bank and its eight consolidated subsidiaries (FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., Seven Payment Service, Ltd., Pito AxM Platform, Inc., Seven Global Remit, Ltd., ACSION, Ltd., and Credd Finance, Ltd.) and four affiliates (Seven Pay Co., Ltd., TORANOTEC Ltd., TORANOTEC Asset Management Ltd., and Metaps Payment Inc.), operating in each business field in Japan and overseas.

In Japan, the Bank's group provides ATM services and financial services. Overseas, it provides ATM services in the United States, Indonesia, and the Philippines.

The Bank and each of its group companies are structured via businesses as follows.

(1) Domestic Business Segment

Regarding the provision of ATM services, the Bank's group installed ATMs in Seven-Eleven and Ito-Yokado belonging to companies of the Seven & i Group (hereinafter referred to as the "Group"), as well as at airports, stations and branches of financial institutions. By cooperating with numerous domestic financial institutions, the Bank's group provides ATM services to many customers using its convenient ATM network which operates 24/365 in principle.

Regarding the provision of financial services, the Bank's group provides ubiquitous and convenient account services such as

ordinary deposits, time deposits, loan services, international money transfer services and debit services for customers who have an account with the Bank. The Bank's group is also developing financial services that meet the needs of various customers by utilizing the knowledge of the Bank's group and collaborating with external corporations.

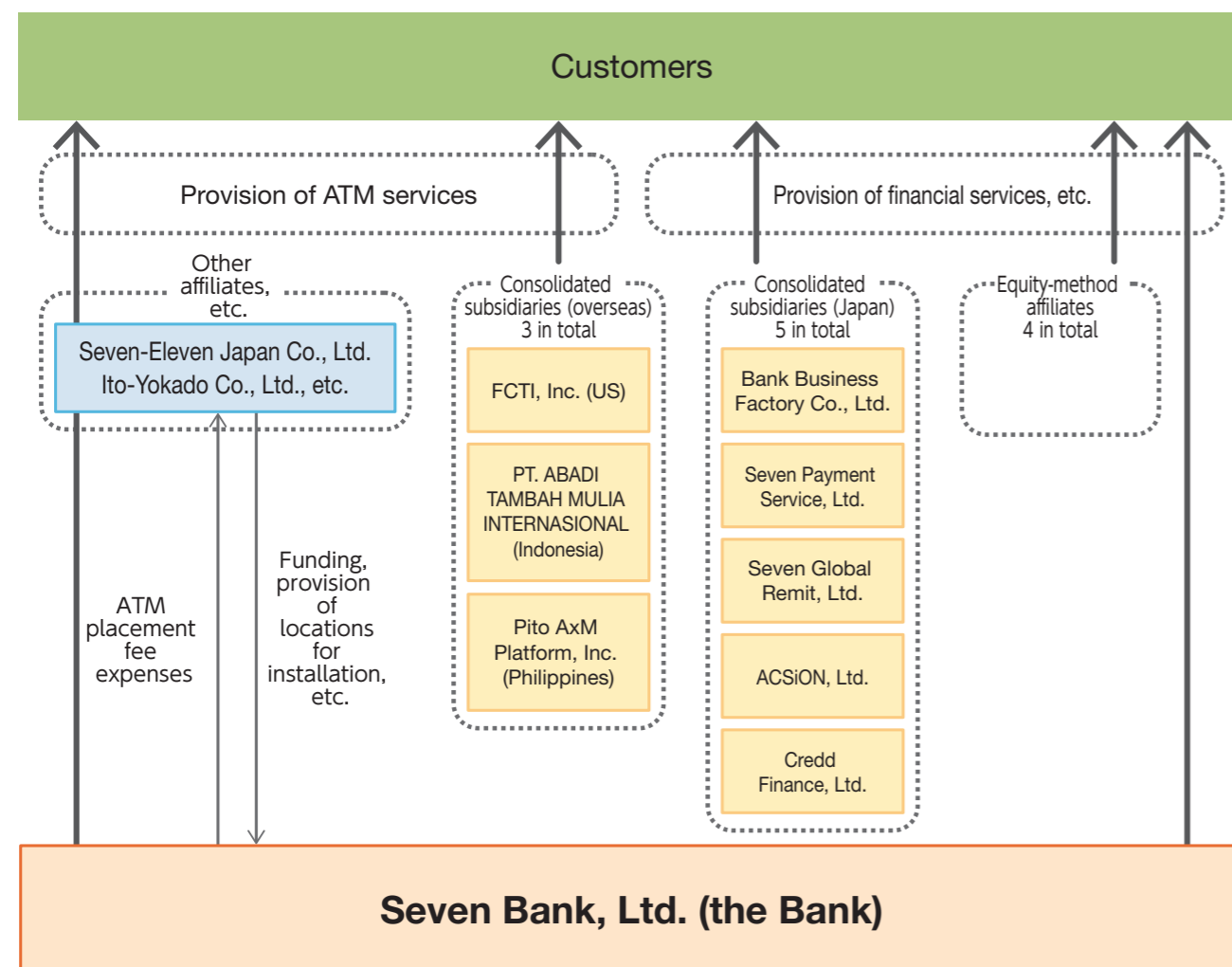
(2) Overseas Business Segment

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

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

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

Operating System of Seven Bank and Its Group Companies



Management Policy, Management Environment, Issues to be Addressed, etc.

(1) Management Policies

1. Purpose of Seven Bank

Create a better version of daily life by going beyond the wishes of our customers.

2. Management Ethos

- We aspire to be a trusted financial service provider that fully meets customer needs.
- We act to promptly introduce the benefits of technical innovation and pursue self-development.
- We strive to contribute to the stability and advancement of the financial system by providing a secure and efficient payment infrastructure.

3. Basic Management Policy

Seven Bank is working to offer safe, accurate, and speedy banking services deeply embedded in customers' daily lives as their "wallets." We aim to achieve this by creating a network of ATMs accessible 24 hours a day, 365 days a year, in principle, utilizing the 20,000-plus retail locations of Seven & i Holdings and its operating companies led by Seven-Eleven convenience stores.

The Bank operates under an ethos of coexistence and co-prosperity by encouraging other financial institutions to make use of its easily accessible ATMs, thereby enhancing customer services and improving business efficiency.

Further, by proactively offering financial services sought by customers of the Group, we are working to attract a wider range of customers to the Group stores more often, and we will continue to pursue synergies to enhance the Group's profitability.

(2) Target Management Indicators

To respond to significant changes in the business environment and sustainably improve its corporate value, the Bank is promoting business diversification to strengthen its profit structure. In the Medium-Term Management Plan formulated in May 2021 to maximize the long-term sustainability and growth potential of the Group, the Bank is promoting measures that place the highest priority on expanding consolidated ordinary income. As indicators to assess the level of implementation of the Medium-Term Management Plan, the Bank has set the following consolidated KPIs for the final year of the plan.

	Results for FY2021	Target for FY2025
Consolidated ordinary income	136,600 million yen	170,000 million yen
Consolidated ordinary profit	28,200 million yen	35,000 million yen
ROE	8.7%	8.0% or more

(3) Management Issues

The business environment surrounding the Bank's group is undergoing unprecedented changes at an accelerating pace, including those in lifestyle due to the impact of the spread of COVID-19, heightened awareness of environmental and social issues, diversification of payment methods due to the development of digital technology, and the entry into the financial sector of businesses from other industries.

There is a need for flexible management that is more than ever sensitive to changes in social structure and diversification of customer needs, rapidly incorporating the results of technological innovation.

In addition, social issues such as widening disparities and climate change are becoming more apparent and serious, leading to an era when businesses, as members of society, are required to face these issues more sincerely than ever before to seek solutions.

(4) Medium- to Long-Term Management Strategies

"Create a better version of daily life by going beyond the wishes of our customers." This is the purpose of the Group. Based on this purpose, Seven Bank will strive to achieve sustainable growth as a unique bank that is close to customers' lives, offering convenience, reliability and trust. We have formulated the Medium-Term Management Plan (FY2021 – FY2025), designating the five years through 2025 as a period to materialize the second phase of growth by improving our sustainability and growth potential. Under the Medium-Term Management Plan, we will promote the following three basic measures.

〈Basic Measures〉

- Reform of the Group's core ATM platform business and business diversification in strategic business fields through aggressive investment
- Setting sustainability at the core of its long-term management strategy, the Group will contribute to addressing serious and emerging social issues through its business activities and continuously promote the creation of new value for both society and businesses.
- Promotion of corporate transformation in both businesses and operations as driving forces for sustainable growth

(5) Issues to Be Addressed

The Bank's group will aim to realize sustainable growth and continue to be a company that is needed by customers and society, by addressing the following issues.

Domestic Business Segment

ATM Platform Strategy

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

Consolidated Balance Sheets

Seven Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2022 and 2021

2019, and due to progress with replacement, the number of fourth-generation ATMs has reached 40% of the total number of ATMs. Utilizing the newly implemented functions (personal authentication function, scanning function, etc.) of the fourth-generation ATM, the Bank will develop new ATM services that go beyond cash transactions in the fields of administration, medical care, financial services, etc.

Retail Strategy

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

Corporate Strategy

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

Overseas Business Segment

Overseas Strategy

- FCTI, Inc., the Bank's consolidated subsidiary in the United States, is still in the process of recovering the number of transactions affected by the prolonged effects of COVID-19, but the reorganization of ATMs with low profitability has progressed and the Bank has achieved a financial structure that can secure stable profits. On the other hand, despite concerns about an increase in procurement costs due to the expected rise in U.S. interest rates in the future, the Bank will take measures to minimize the impact on the market interest rate by stopping cost increases utilizing financial derivatives and formulating measures for cash reduction in ATMs. At the same time, the Bank will provide new financial services utilizing an ATM network of approximately 9,000 ATMs.
- In Asia, the Bank is developing ATM services in two countries, Indonesia and the Philippines, and accelerating the expansion of the number of ATMs installed. In both countries, high demand is expected to continue as there are not enough ATMs installed that users need in their daily lives. The Bank will promote the development of ATM networks in both countries and then, using ATMs as an introduction, strive to bring about multi-layered financial services.

<Realization of a Sustainable Society>

- The Bank's group positioned sustainability as the basis for its long-term management strategy and established the "Basic Sustainability Promotion Policy" and the "Sustainability Committee" in 2021 to review the group-wide promotion structure. With the "Five Materiality*" established in fiscal 2019, the Bank will

further develop its initiatives with the aim of solving environmental and social issues through business activities and strengthening business competitiveness at the same time.

Note: Five Material Issues

- Offer a safe, secure settlement infrastructure
- Create a lifestyle through new financial services
- Create a society where everyone can be active
- Reduce the environmental burden
- Realize multicultural symbiosis

The environment surrounding the Bank's group is changing dramatically. The group's stance of always listening to and responding to the thoughts of customers, which the group has valued since its establishment, will not change.

The Bank's group will continue to take on the challenge of creating original and new value as a unique bank that succeeds in being close-by, convenient, reliable and secure.

Millions of yen

	2022	2021
Assets:		
Cash and due from banks (Notes 3, 4 and 5)	¥ 931,404	¥ 937,945
Securities (Notes 5, 6 and 7)	89,945	78,154
Loans (Notes 5 and 8)	28,056	24,329
Foreign exchanges	0	0
ATM-related temporary payments (Note 5)	84,461	83,681
Tangible fixed assets (Notes 9 and 30)	26,571	19,218
Intangible fixed assets (Note 10)	33,593	34,857
Asset for retirement benefits (Note 16)	1,051	909
Deferred tax assets (Note 26)	2,979	707
Other assets (Notes 5, 7, 11 and 31)	24,062	17,442
Allowance for credit losses (Note 5)	(504)	(88)
Total assets	¥1,221,623	¥1,197,158
Liabilities:		
Deposits (Notes 5 and 12)	¥ 790,687	¥ 783,408
Borrowed money (Notes 5 and 13)	1,936	591
Bonds (Notes 5 and 14)	105,000	105,000
Income taxes payable	4,321	4,258
ATM-related temporary advances (Note 5)	49,233	47,046
Reserve for bonuses	789	610
Liability for retirement benefits (Note 16)	13	6
Reserve for stocks payment	774	634
Deferred tax liabilities (Note 26)	3	87
Other liabilities (Notes 15, 28 and 30)	24,749	20,839
Total liabilities	977,509	962,482
Net assets (Notes 17 and 27):		
Shareholders' equity:		
Common stock, authorized 4,763,632 thousand shares, issued 1,179,308 thousand shares as of March 31, 2022 and 2021 ...	30,724	30,724
Capital surplus	30,764	30,724
Retained earnings	176,549	168,694
Treasury stock, at cost, 3,982 thousand shares as of March 31, 2022 and 3,587 thousand shares as of March 31, 2021	(1,173)	(1,081)
Total shareholders' equity	236,864	229,061
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sale securities, net of taxes (Note 6)	606	440
Foreign currency translation adjustments	4,714	3,407
Accumulated adjustments for retirement benefits (Note 16)	320	359
Total accumulated other comprehensive income	5,641	4,207
Non-controlling interests	1,606	1,407
Total net assets	244,113	234,676
Total liabilities and net assets	¥1,221,623	¥1,197,158

See accompanying notes.

Consolidated Statements of Income

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2022 and 2021

	Millions of yen	
	2022	2021
Income:		
Interest income	¥ 4,032	¥ 3,609
Interest on loans	3,890	3,475
Interest and dividends on securities	34	29
Interest on call loans	5	1
Other interest income	102	102
Fees and commissions income (Note 18)	131,320	131,709
Other operating income (Note 20)	390	201
Other income (Note 22)	1,359	2,019
Total income	137,103	137,540
Expenses:		
Interest expenses	602	539
Interest on deposits	45	67
Interest on call money	(4)	(9)
Interest on borrowed money	94	14
Interest on bonds	466	467
Fees and commissions expenses (Notes 19 and 28)	35,816	35,360
General and administrative expenses (Note 21)	70,245	64,308
Other expenses (Notes 23 and 24)	3,284	1,677
Total expenses	109,948	101,884
Income before income taxes	27,154	35,655
Income taxes (Note 26)		
Current	8,772	9,867
Deferred	(2,300)	51
Total income taxes	6,471	9,918
Net income	20,682	25,737
Net loss attributable to non-controlling interests	(144)	(168)
Net income attributable to owners of the parent	¥ 20,827	¥ 25,905

Amounts per share of common stock (Note 32):

	Yen	
	2022	2021
Net assets	¥206.33	¥198.40
Net income	17.71	22.01
Diluted net income	—	22.00
Cash dividends applicable to the year (Note 27)	11.00	11.00

See accompanying notes.

Consolidated Statements of Comprehensive Income

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2022 and 2021

	Millions of yen	
	2022	2021
Net income	¥20,682	¥25,737
Other comprehensive income (Note 25)		
Net unrealized gains (losses) on available-for-sale securities, net of taxes ...	166	(59)
Foreign currency translation adjustments	1,353	(369)
Adjustments for retirement benefits (Note 16)	(38)	296
Total other comprehensive income	1,480	(131)
Comprehensive income	¥22,163	¥25,605
Comprehensive income attributable to:		
Owners of the parent	¥22,261	¥25,782
Non-controlling interests	(98)	(177)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2022 and 2021

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	¥30,702	¥30,757	¥155,760	¥ (338)	¥216,882
Changes in items during the period					
Issuance of new shares	21	21			43
Cash dividends			(12,971)		(12,971)
Net income attributable to owners of the parent			25,905		25,905
Purchase of treasury stock				(770)	(770)
Disposal of treasury stock				27	27
Change in capital surplus due to change in equity of consolidated subsidiaries		(54)			(54)
Net changes in items other than shareholders' equity					
Net changes in items during the period	21	(33)	12,934	(742)	12,179
Balance at April 1, 2021	¥30,724	¥30,724	¥168,694	¥(1,081)	¥229,061
Changes in items during the period					
Issuance of new shares					—
Cash dividends			(12,972)		(12,972)
Net income attributable to owners of the parent			20,827		20,827
Purchase of treasury stock				(97)	(97)
Disposal of treasury stock				6	6
Change in capital surplus due to change in equity of consolidated subsidiaries		39			39
Net changes in items other than shareholders' equity					
Net changes in items during the period		39	7,854	(91)	7,802
Balance at March 31, 2022	¥30,724	¥30,764	¥176,549	¥(1,173)	¥236,864

	Millions of yen						
	Accumulated other comprehensive income						
	Net unrealized gains available-for-sale securities, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2020	¥499	¥3,767	¥ 62	¥4,329	¥ 274	¥1,346	¥222,833
Changes in items during the period							
Issuance of new shares							43
Cash dividends							(12,971)
Net income attributable to owners of the parent							25,905
Purchase of treasury stock							(770)
Disposal of treasury stock							27
Change in capital surplus due to change in equity of consolidated subsidiaries							(54)
Net changes in items other than shareholders' equity	(59)	(360)	296	(122)	(274)	60	(336)
Net changes in items during the period	(59)	(360)	296	(122)	(274)	60	11,842
Balance at April 1, 2021	¥440	¥3,407	¥359	¥4,207	¥ —	¥1,407	¥234,676
Changes in items during the period							
Issuance of new shares							—
Cash dividends							(12,972)
Net income attributable to owners of the parent							20,827
Purchase of treasury stock							(97)
Disposal of treasury stock							6
Change in capital surplus due to change in equity of consolidated subsidiaries							39
Net changes in items other than shareholders' equity	166	1,307	(38)	1,434	—	199	1,634
Net changes in items during the period	166	1,307	(38)	1,434	—	199	9,437
Balance at March 31, 2022	¥606	¥4,714	¥320	¥5,641	¥ —	¥1,606	¥244,113

See accompanying notes.

Consolidated Statements of Cash Flows

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2022 and 2021

	Millions of yen	
	2022	2021
Cash flows from operating activities:		
Income before income taxes	¥ 27,154	¥ 35,655
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation of fixed assets	16,388	14,070
Impairment losses	763	—
Equity in losses of affiliates	694	796
Net change in allowance for credit losses	415	63
Net change in reserve for bonuses	164	45
Net change in asset or liability for retirement benefits	(190)	(100)
Net change in reserve for directors' retirement benefits	—	(4)
Net change in reserve for stocks payment	140	397
Interest income	(4,032)	(3,609)
Interest expenses	602	539
Net losses related to securities	65	88
Net losses on disposal of fixed assets	753	(14)
Gain on change in equity	(415)	—
Net change in loans	(3,727)	(1,045)
Net change in deposits	7,278	98,848
Net change in borrowed money	1,228	404
Net change in ATM-related temporary accounts	1,472	274
Interest received	4,181	3,815
Interest paid	(642)	(613)
Other – net	(2,273)	(213)
Subtotal	50,023	149,397
Income taxes paid	(8,734)	(13,358)
Income taxes refund	22	—
Net cash provided by operating activities	41,311	136,039
Cash flows from investing activities:		
Purchase of securities	(23,739)	(20,484)
Proceeds from redemption of securities	11,892	13,084
Purchase of tangible fixed assets	(12,468)	(10,436)
Proceeds from sales of tangible fixed assets	19	273
Purchase of intangible fixed assets	(11,817)	(14,808)
Proceeds from sales of intangible fixed assets	—	100
Purchase of shares in an equity method affiliated company	—	(499)
Net cash used in investing activities	(36,114)	(32,770)
Cash flows from financing activities:		
Proceeds from stock issuance to non-controlling interests	337	183
Proceeds from exercise of stock options	—	0
Dividends paid	(12,967)	(12,968)
Purchase of treasury stock	(97)	(770)
Net cash used in financing activities	(12,727)	(13,555)
Effect of exchange rate changes on cash and cash equivalents	989	(213)
Net change in cash and cash equivalents	(6,541)	89,498
Cash and cash equivalents at the beginning of the year	937,945	848,446
Cash and cash equivalents at the end of the year (Notes 3 and 4)	¥931,404	¥937,945

See accompanying notes.

Notes to Consolidated Financial Statements

Seven Bank, Ltd. and its consolidated subsidiaries
As of and for the fiscal years ended March 31, 2022 and 2021

1. Basis of Presenting Consolidated Financial Statements

- (a) The accompanying consolidated financial statements of Seven Bank, Ltd. (the "Bank") and its consolidated subsidiaries (collectively the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.
- The accompanying consolidated financial statements have been reclassified and translated into English (with some expanded descriptions) from the consolidated financial statements of the Group prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory consolidated financial statements in Japanese, which is not required for fair presentation, is not presented in the accompanying consolidated financial statements.
- (b) In preparing the accompanying consolidated financial statements and notes, amounts less than one million Japanese yen have been rounded down to the nearest million, except for per share data, in accordance with the Financial Instruments and Exchange Law and Enforcement Ordinance concerning the Banking Law of Japan. Therefore, total or subtotal amounts shown in the accompanying consolidated financial statements and notes thereto are not necessarily equal to sums of individual amounts. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Group's consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.
- (c) The preparation of consolidated financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its eight consolidated subsidiaries.

Names of the consolidated subsidiaries are as follows: FCTI, Inc., PT. ABADI TAMBAH MULIA INTERNASIONAL, Bank Business Factory Co., Ltd., Seven Payment Service, Ltd., Pito AxM Platform, Inc., Seven Global Remit, Ltd., ACSION, Ltd. and Credd Finance, Ltd.

The balance sheet dates of the consolidated subsidiaries are December 31 for three companies and March 31 for five companies. The subsidiaries are consolidated using the financial statements on their own balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from December 31 to March 31.

All significant intercompany balances and transactions have been eliminated upon consolidation. All material unrealized profit included in assets resulting from transactions within the Group are also eliminated.

Four affiliates are accounted for using the equity method. Names of affiliates are as follows: Seven Pay Co., Ltd., TORANOTEC Ltd., TORANOTEC Asset Management Ltd. and Metaps Payment, Inc.

For affiliates accounted for using the equity method that have a balance sheet date different from the consolidated balance sheet date, the financial statements pertaining to the fiscal years of the respective affiliates are used for the preparation of the consolidated financial statements.

(b) Securities

In principle, available-for-sale securities are stated at their fiscal year-end fair values. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains or losses on sales of such securities are computed using primarily the moving-average method. Equity securities, etc. that do not have a market price are stated at cost using the moving-average method.

(c) Tangible fixed assets

Tangible fixed assets are generally stated at cost less accumulated depreciation.

Depreciation of tangible fixed assets of the Bank is calculated by the straight-line method over the estimated useful lives of the assets.

Estimated useful lives of major items as of March 31, 2022 and 2021 are as follows:

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

Depreciation of tangible fixed assets of the consolidated subsidiaries is calculated by the straight-line method over the estimated useful lives of the assets.

(d) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over its estimated useful life (five years).

(e) Allowance for credit losses

Allowance for credit losses is provided as detailed below in accordance with the Bank's internal policies for write-offs and provisions.

The Bank classifies its obligors into five categories for self-assessment purposes, namely, "normal obligors," "obligors requiring caution," "bankruptcy risk obligors," "substantially bankrupt obligors," and "bankrupt obligors."

For credits to those classified as normal obligors or obligors requiring caution, the allowance for credit losses is provided based on the Bank's expected credit losses for the following one year. The expected credit losses are determined using the loss ratio computed based on the average rate for the past definite period of bad debt ratio or default probability based on the bad debt or default experience for the past year, and modified with necessary adjustments such as future prospects.

For credits to obligors classified as bankruptcy risk obligors, the allowance for credit losses is provided for at the amount deemed necessary, after deducting the expected amount recoverable through the disposal of collateral or execution of guarantee.

For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for credit losses is provided for at the full amounts of such credits, after deducting the expected amount recoverable through the disposal of collateral or execution of guarantee.

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

Allowance for credit losses of consolidated subsidiaries is stated at amounts considered to be appropriate based on past credit loss experience for general receivables and, for specific receivables such as doubtful receivables, in amounts expected to be unrecoverable considering the individual collectability.

(f) Reserve for bonuses

Reserve for bonuses for employees is recorded in the amount of estimated bonuses attributed to the relevant fiscal year.

(g) Reserve for stocks payment

Reserve for stocks payment is recorded in the estimated amount of stock benefits as of the end of the fiscal year to prepare for the delivery of the Bank's shares to the Bank's directors (excluding non-executive directors and directors residing overseas), executive officers (excluding those residing overseas) and certain employees (excluding those residing overseas) pursuant to the Share Delivery Rules for directors, executive officers and employees.

(h) Method of accounting for retirement benefits

In calculating the projected benefit obligation, projected retirement benefits attributable up to the end of the fiscal year is determined using a benefit formula. Also, net actuarial difference is amortized as follows.

Net actuarial difference is amortized using the straight-line method over ten years within the employees' average remaining service period, commencing from the fiscal year after the year of incurrence.

(i) Significant revenue recognition

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

- Banking business, focusing on the ATM Platform business

We have been providing services such as accepting or dispensing cash which the users of the partner financial institutions deposit in or withdraw from their deposit accounts when they use the Bank's ATMs. With regard to the service fee income from providing these ATM services, the Bank recognizes revenue at the time when the users of the partner financial institutions use the ATM service of the Bank and the related considerations are received generally within the following month after the performance obligations are satisfied.

(j) Foreign currency translation

Assets and liabilities of the Bank denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing as of the balance sheet date. Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet dates of the consolidated subsidiaries.

(k) Amortization of goodwill

Goodwill is amortized using the straight-line method over five years or fully expensed when incurred if the amount is immaterial.

(l) **Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents represent cash and due from banks.

(m) **Income taxes**

Income taxes of the Bank consist of corporation, inhabitants and enterprise taxes. The provision for income taxes is computed based on the pretax income of the Bank with certain adjustments required for tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

(n) **Amounts per share**

Net assets per share is calculated by dividing net assets excluding amount of subscription rights to shares and non-controlling interests by the number of shares of common stock outstanding at the end of the fiscal year, excluding treasury stock.

Net income per share is calculated by dividing net income attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the fiscal year, excluding treasury stock.

Cash dividends per share represent the actual amounts declared as applicable to the fiscal year.

(o) **Appropriation of retained earnings**

Cash dividends are recorded in the fiscal year when the relevant proposed appropriation of retained earnings is approved by the Board of Directors and for which notification is given at a general meeting of shareholders.

(p) **Changes in accounting policies**

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

The Bank has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. The Bank recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods and services.

The Bank applies the Revenue Recognition Standard, etc. in accordance with the transitional provision set forth in the proviso to Paragraph 84 of the Revenue Recognition Standard, and there was no impact on the beginning balance of retained earnings for the fiscal year ended March 31, 2022.

In addition, this change does not have any impact on profit or loss and per share information for the fiscal year ended March 31, 2022.

In accordance with the transitional provision set forth in Paragraph 89-3 of the Revenue Recognition Standard, disclosure on revenue recognition for the previous fiscal year is not presented.

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

The Bank has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year ended March 31, 2022, and prospectively applied the new accounting policies in accordance with the transitional provision set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact of this change on the consolidated financial statements.

In addition, the Bank has disclosed the fair value information by level within the fair value hierarchy in the notes to financial instruments. However, in accordance with the transitional provision set forth in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), disclosure pertaining to the previous fiscal year is not presented.

(q) **Newly effective accounting standards not yet applied**

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) **Overview**

The Implementation Guidance on Accounting Standard for Fair Value Measurement (hereinafter "Implementation Guidance") describes accounting treatments on the measurement and disclosure regarding fair values of investment trusts and investments in partnerships for which equity interests are recorded on a net basis on the balance sheet.

(2) **Date of adoption**

The Implementation Guidance is scheduled to be applied from the beginning of the fiscal year ending March 31, 2023.

(3) **The effect of adopting the implementation guidance**

The effect of adopting the Implementation Guidance is immaterial.

(r) **Additional information**

(Performance-Based Stock Compensation Plan for Directors)

The Bank has introduced a Performance-Based Stock Compensation Plan (hereinafter the "Plan") for the Bank's directors (excluding non-executive Directors and Directors residing overseas, the same applies hereinafter) using the Directors' Compensation Board Incentive Plan (BIP) Trust

(hereinafter "BIP Trust"), aiming to further raise motivation in contributing to the medium- to long-term enhancement of performance.

The accounting treatment for the said trust agreement is in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issue Task Force (PITF) No. 30, March 26, 2015).

(1) **Outline of the transaction**

The plan is a performance-based stock compensation plan whereby the Bank contributes an appropriate amount of money to the BIP Trust, which is used as funds to acquire Bank's shares. The Bank's shares are delivered to directors in accordance with Share Delivery Rules for directors stipulated by the Bank. Directors shall receive delivery of the Bank's shares, etc., in principle, upon their retirement.

(2) **Bank's shares remaining in the BIP Trust**

The Bank's shares remaining in the BIP Trust are recorded as treasury stock under net assets at their carrying amount (excluding incidental expenses). The carrying amount and the number of Bank's shares remaining in the BIP Trust as of March 31, 2022 and 2021 are ¥588 million and 1,895 thousand shares.

(Performance-Based Stock Compensation Plan for Executive Officers and Certain Employees)

The Bank has introduced a Performance-Based Stock Compensation Plan (hereinafter the "Plan") for the Bank's executive officers (excluding those residing overseas; the same applies hereinafter) and certain employees (excluding those residing overseas; the same applies hereinafter) using the Stock Grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter "ESOP Trust"), aiming to further raise motivation in contributing to the medium- to long-term enhancement of performance.

The Bank adopted "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015) to account for the said trust agreement.

(1) **Outline of the transaction**

The plan is a performance-based stock compensation plan whereby the Bank contributes an appropriate amount of money to the ESOP Trust, which is used as funds to acquire Bank's shares. The Bank's shares are delivered to executive officers and certain employees in accordance with Share Delivery Rules for executive officers and employees stipulated by the Bank. Executive officers and certain employees shall receive delivery of the Bank's shares, etc., in principle, upon their retirement.

(2) **Bank's shares remaining in the ESOP Trust**

The Bank's shares remaining in the ESOP Trust are recorded as treasury stock under net assets at their carrying amount (excluding incidental expenses). The carrying amount and the number of Bank's shares remaining in the Trust as of March 31, 2022 and 2021 are ¥584 million and ¥492 million and 2,086 thousand shares and 1,691 thousand shares, respectively.

(Accounting Estimates Followed by the Spread of Novel Coronavirus Disease (COVID-19))

In determining whether impairment on securities is necessary or not, the Bank has made an assumption that the impact of COVID-19 will remain for a certain period after the end of the consolidated fiscal year ended March 31, 2022 considering the businesses of some of the investees, and reflected it in the amounts of business plan before making accounting estimates. As a result, the Bank has determined that there is no need for impairment for the consolidated fiscal year ended March 31, 2022. There was no significant change from the previous fiscal year.

Although the above estimates are based on the information available at the time of preparation of the consolidated financial statements, the consolidated financial statements for the following fiscal years may be affected, depending on the situation of COVID-19 and its impact on the economy.

3. Supplemental Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows for the fiscal years ended March 31, 2022 and 2021 consisted of cash and due from banks of ¥931,404 million and ¥937,945 million on the consolidated balance sheets as of March 31, 2022 and 2021, respectively.

4. Cash and Due from Banks

Cash and due from banks as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Cash	¥819,031	¥802,247
Due from banks	112,372	135,698
Total	¥931,404	¥937,945

5. Financial Instruments

1) Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Bank has its basic policy for both fund procurement and investments, which is designed to keep volatility low and risks minimized, and does not seek to generate profits by aggressive risk taking.

The Bank procures necessary cash for working capital mainly for cash held in ATMs and capital expenditure for ATM- and system-related infrastructure. The Bank raises its base capital taking into account interest rate trends through deposits, long-term borrowing, and bond issuance and uses the call market to raise additional capital to cover the daily fluctuation of its cash needs.

On the asset side, the Bank makes investments such as lending money to individuals with small lots. However, the main operation is in treasury and securities as a limited end user. Investments are limited to securities with high creditworthiness and liquidity, such as bonds, deposits placed at highly rated partner financial institutions, and lending of funds in the call-money market. The Bank does not invest in high-risk derivatives and other instruments.

(2) Details of Financial Instruments and Associated Risks

Cash for the operation of the ATM platform business accounts for most of the financial instruments the Bank holds. The Bank provides unutilized capital to call loan lending and is exposed to credit risk of the borrowers. Securities mainly consist of bonds and stocks with high creditworthiness and liquidity, all of which are classified as available-for-sale securities. These securities are exposed to borrower and issuers' credit risks, interest rate risk, and market (price) risk. Loans are those for individual customers, which are exposed to credit risks of the borrowers. However, the risk is limited because guarantees are mostly attached to the entire loan amounts.

The Bank conducts banking business and its deposits and negotiable certificates of deposit that account for most of its financial liabilities are exposed to interest rate risk. It also uses the call market to raise short-term additional capital and is exposed to liquidity risk that it cannot raise necessary capital when needed.

Borrowed money and bonds are also exposed to liquidity risk in that the Bank cannot make necessary payments upon the due dates under certain circumstances where the Bank cannot access the capital market.

(3) Risk Management Relating to Financial Instruments

(A) Credit Risk Management

Basic policies related to credit risk are stipulated in the Basic Policy on Risk Control and by the Credit Risk Rules established thereunder. Currently, the Bank has low credit risk exposures in the limited areas of the ATM settlement operation, asset liability management (ALM)-related interbank deposits placed at highly rated partner financial institutions, money lent in the call-money market, and temporary ATM payment amounts due. In addition, the Bank performs self-assessment on asset quality as appropriate and sets an allowance for credit losses in accordance with its self-assessment guidelines, reserve guidelines, and related internal rules and regulations.

Credit risks related to issuers of securities and counterparty risks of derivative transactions are managed by the Risk Management Division by periodically collecting updated credit information and fair values of the instruments.

(B) Market Risk Management

Basic policies related to market risk are stipulated in the Basic Policy on Risk Control and the Market Risk Rules established thereunder. The Market Risk Rules establish limits on the maximum level of funds at risk, market position limits and loss allowance limits. The Risk Management Group measures and monitors market risk on a daily basis in light of these limits and reports the results to management including the Executive Committee. Risk management operations are also based on decisions at the quarterly ALM Committee meetings where the Bank's market risk position, expectations on interest rate trends and other matters are reported.

Quantitative Information related to Market Risk

Major market risk for the Bank is interest rate risk. The Bank measures the market risk using Value at Risk (VaR) for the overall assets and liabilities of the Bank. The Bank has adopted the variance-covariance method and calculates VaR with reference to data from the past one year to a 99.9% confidence level assuming a 125-day holding period. As of March 31, 2022, the Bank's market risk quantity (maximum potential loss) is ¥3,191 million in the aggregate. In addition, given the characteristics of the Bank's business, in measuring the market risk, the Bank has recognized the interest period for cash assets and deemed cash assets as five-year zero-coupon bonds (average duration of about 2.5 years). The Bank regularly performs back-testing to

compare the VaR calculated by its internal model against actual profit and loss. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past market volatility, it may underestimate the probability of extreme market movements and, may in some instances, not adequately capture those risks.

(C) Management of Liquidity Risk

Basic policies related to liquidity risk are stipulated in the Basic Policy on Risk Control and the Liquidity Risk Rules established thereunder. The Liquidity Risk Rules establish limits regarding the cash gaps arising from differences between the duration of invested funds and those procured to meet current cash needs.

The Risk Management Group measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to management, including the Executive Committee. In the event of a cash shortage, according to the measures corresponding to each scenario, which are designed prior to those events, companywide actions are taken to secure the liquidity in a fast and flexible manner. Hence, there shall be no concern on liquidity risk.

(4) Supplementary Explanation on Fair Value of Financial Instruments

Certain assumptions are used for the calculation of the fair value of financial instruments and therefore, the results of such calculation may vary if different assumptions are employed.

2) Fair Value of Financial Instruments

The following table summarizes the amounts stated in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2022 and 2021 together with their differences. Note that the following table does not include equity securities, etc. that do not have a market price and investments in partnerships (see (Note 1)). In addition, notes on cash and due from banks, ATM-related temporary payments and ATM-related temporary advances are omitted because their fair value approximates the carrying amount due to the short settlement period.

March 31, 2022	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Securities			
Available-for-sale securities	¥ 82,732	¥ 82,732	¥ —
(2) Loans	28,056		
Allowance for credit losses ¹	(15)		
	28,040	28,040	0
(3) Other assets ²	3,692		
Allowance for credit losses ^{1,2}	(397)		
	3,295	3,295	—
Total assets	¥114,068	¥114,069	¥ 0
(1) Deposits	¥790,687	¥790,747	¥ 60
(2) Borrowed money	1,936	1,936	—
(3) Bonds	105,000	105,493	493
Total liabilities	¥897,624	¥898,177	¥553

March 31, 2021	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Securities			
Available-for-sale securities	¥ 71,298	¥ 71,298	¥ —
(2) Loans	24,329		
Allowance for credit losses ¹	(1)		
	24,327	24,327	0
(3) Other assets ²			
Allowance for credit losses ^{1,2}	—		
	—	—	—
Total assets	¥ 95,625	¥ 95,625	¥ 0
(1) Deposits	¥783,408	¥783,483	¥ 74
(2) Borrowed money	591	591	—
(3) Bonds	105,000	105,939	939
Total liabilities	¥889,000	¥890,013	¥1,013

* 1: Allowance for credit losses corresponding to loans and other assets is deducted.

* 2: Other assets subject to fair value disclosure are shown.

(Note 1) The following table summarizes the carrying amounts of equity securities, etc. that do not have a market price and investments in partnerships. These securities are not included in the amount presented in "Available-for-sale securities" under "(1) Securities" in the table summarizing fair value of financial instruments.

	Millions of yen	
	2022	2021
Unlisted equity securities ^{1 and 2}	¥3,354	¥3,379
Shares in an affiliated company ¹	1,424	1,703
Investments in partnership ³	2,433	1,773

* 1. Unlisted equity securities and shares in an affiliated company are not included in the scope of fair value disclosure pursuant to Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

* 2. Impairment losses of ¥65 million and ¥38 million on unlisted equity securities are recognized for the fiscal years ended March 31, 2022 and 2021, respectively.

* 3. Investments in partnership are not included in the scope of fair value disclosure pursuant to Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurements" (ASBJ Guidance No. 31, July 4, 2019).

(Note 2) Redemption schedule of monetary claims and securities with maturities

March 31, 2022	Millions of yen					
	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Securities:						
Available-for-sale securities with maturity	¥35,713	¥27,162	¥19,140	¥—	¥—	¥—
Japanese municipal bonds	11,313	7,862	7,840	—	—	—
Corporate bonds	24,400	19,300	11,300	—	—	—
Loans ¹	27,979	15	—	—	—	—
Other assets ²	3,484	—	—	—	—	—
Total	¥67,177	¥27,177	¥19,140	¥—	¥—	¥—

March 31, 2021	Millions of yen					
	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Securities:						
Available-for-sale securities with maturity	¥11,300	¥50,831	¥8,184	¥—	¥—	¥—
Japanese municipal bonds	700	16,731	3,584	—	—	—
Corporate bonds	10,600	34,100	4,600	—	—	—
Loans ¹	24,274	8	—	—	—	—
Other assets	—	—	—	—	—	—
Total	¥35,574	¥50,839	¥8,184	¥—	¥—	¥—

Notes: 1. For loans, ¥60 million and ¥46 million as of March 31, 2022 and 2021 are excluded for loans that are not expected to be collected, which are for the debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors.

2. ¥208 million that is not expected to be collected from debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors, is excluded from other assets.

(Note 3) Repayment schedule of bonds payable, borrowed money, and other interest-bearing liabilities

March 31, 2022	Millions of yen					
	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Deposits ¹	¥675,399	¥ 73,069	¥42,217	¥ —	¥—	¥—
Borrowed money	1,936	—	—	—	—	—
Bonds	20,000	35,000	—	50,000	—	—
Total	¥697,336	¥108,069	¥42,217	¥50,000	¥—	¥—

March 31, 2021	Millions of yen					
	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Deposits ¹	¥667,879	¥ 68,516	¥47,012	¥ —	¥ —	¥—
Borrowed money	591	—	—	—	—	—
Bonds	—	40,000	15,000	30,000	20,000	—
Total	¥668,470	¥108,516	¥62,012	¥30,000	¥20,000	¥—

Note 1: Demand deposits are included in the "Within one year" category.

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

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

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

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

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

If multiple inputs are used that are significant to the fair value measurement, the fair value is classified in its entirety in the level of the lowest priority for calculation of fair value among inputs that are significant to the entire measurement.

(1) Financial instruments stated at fair value in the consolidated balance sheet

Year ended March 31, 2022	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale:				
Japanese municipal bonds	—	¥27,026	—	¥27,026
Corporate bonds	—	55,186	—	55,186
Equity securities	¥520	—	—	520
Total assets	¥520	¥82,212	—	¥82,732

(2) Financial instruments other than those stated at fair value in the consolidated balance sheet

Year ended March 31, 2022	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans	—	¥ 27,991	¥49	¥ 28,040
Other assets	—	3,295	—	3,295
Total assets	—	¥ 31,287	¥49	¥ 31,336
Deposits	—	¥790,747	—	¥790,747
Borrowed money	—	1,936	—	1,936
Bonds	—	105,493	—	105,493
Total liabilities	—	¥898,177	—	¥898,177

Note 1: A description of the valuation technique(s) and inputs used in the fair value measurements is as follows.

Assets

(1) **Securities**

The fair value of securities, for which unadjusted quoted prices in active markets are available, is classified as Level 1. Listed shares are included in this category.

The fair value of securities, for which quoted prices are published, but traded in inactive markets, is classified as Level 2. Municipal bonds and corporate bonds are included in this category.

(2) **Loans**

The fair value of loans is calculated by discounting the sum of principal and interests at the market interest rates reflecting credit risk, etc., categorized based on the types and maturity of loans.

For loans with variable interest rates, the carrying amount is presented as the fair value, as the loans reflect market rates in a timely manner and the carrying amount approximates such fair value, unless the creditworthiness of the borrowers change significantly since the loan origination. For receivables from bankrupt, substantially bankrupt, and bankruptcy risk obligors, the fair value is determined based on estimated future cash flows discounted to the present value or the present value of the expected amount to be recovered from collaterals and guarantees. If the impact from unobservable inputs on the fair value is significant, the fair value is classified as Level 3, and Level 2 if the impact from unobservable inputs on the fair value is not significant.

(3) **Other assets**

The remaining terms of the payments are short-term (within one year). Thus, the carrying amount is presented as the fair value, as the carrying amount approximates such fair value.

The fair value is classified as Level 2.

Liabilities

(1) **Deposits**

For demand deposits to be paid immediately upon request, the carrying amount as of the consolidated balance sheet date is deemed as the fair value. Fixed-rate time deposits are grouped by the periods to maturity. The fair value of such deposits is calculated as the present value of expected future cash flows. The discount rates used are the interest rates that would be applied to similar deposits newly accepted. For deposits with maturity of less than one year, the carrying amount is presented as the fair value, as the carrying amount approximates such fair value. The fair value is classified as Level 2.

(2) **Borrowed money**

The fair value of borrowed money is calculated as the present value of expected future cash flows from these borrowings grouped by the periods to maturity, discounted using interest rates reflecting its remaining periods to maturity and credit risk. For the borrowed money with maturity less than one year, the carrying amount is presented as the fair value, as the carrying amount approximates such fair value. The fair value is classified as Level 2. There is no floating rate borrowing.

(3) **Bonds**

The fair value of corporate bonds issued by the Bank is calculated based on the amounts presented in the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association. The fair value is classified as Level 2.

6. Securities

(1) The total amount of equity securities or investments in unconsolidated subsidiaries and affiliated companies was as follows:

March 31	Millions of yen	
	2022	2021
Equity securities	¥1,424	¥1,703

(2) The following tables summarize acquisition cost and carrying amount of securities with fair values available as of March 31, 2022 and 2021:

Available-for-sale securities:

March 31, 2022	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with higher balances than acquisition costs			
Equity securities	¥ 151	¥ 520	¥368
Bonds:			
Japanese municipal bonds	14,151	14,152	1
Corporate bonds	6,607	6,607	0
Total	¥20,910	¥21,280	¥370

March 31, 2022	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with the same or lower balances than acquisition costs			
Bonds:			
Japanese municipal bonds	¥12,903	¥12,873	¥ (29)
Corporate bonds	48,637	48,578	(58)
Total	¥61,540	¥61,451	¥ (88)
Grand total	¥82,450	¥82,732	¥281

March 31, 2021	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with higher balances than acquisition costs			
Equity securities	¥ 151	¥ 679	¥527
Bonds:			
Japanese municipal bonds	16,815	16,821	6
Corporate bonds	19,322	19,332	9
Total	¥36,290	¥36,833	¥543

March 31, 2021	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with the same or lower balances than acquisition costs			
Bonds:			
Japanese municipal bonds	¥ 4,285	¥ 4,284	¥ (0)
Corporate bonds	30,194	30,179	(15)
Total	¥34,480	¥34,464	¥ (15)
Grand total	¥70,770	¥71,298	¥527

(3) Net unrealized gains (losses) on available-for-sale securities on the consolidated balance sheets were as follows:

March 31	Millions of yen	
	2022	2021
Unrealized gains (losses):		
On available-for-sale securities	¥ 874	¥ 635
Deferred tax liabilities	(267)	(194)
Net unrealized gains on available-for-sale securities, net of taxes	¥ 606	¥ 440

Note: Unrealized gains (losses) on investments in partnership, which do not have a market price, of ¥592 million and ¥107 million as of March 31, 2022 and 2021, respectively, are included in "Available-for-sale securities."

7. Assets Pledged

Available-for-sale securities were pledged as collateral for exchange settlements and overdraft transactions with the Bank of Japan. The securities pledged amounted to ¥82,212 million and ¥70,618 million as of March 31, 2022 and 2021, respectively.

Other assets included guarantee deposits of ¥2,371 million and ¥2,124 million as of March 31, 2022 and 2021, respectively, and deposits to Central Counterparty of ¥1,700 million and ¥800 million as of March 31, 2022 and 2021, respectively.

8. Loans

Loans based on the Banking Act and the Law concerning Emergency Measures for the Revitalization of the Financial Functions are as follows:

Loans are defined as corporate bonds included in "Securities" in the consolidated balance sheet (the whole or part of the redemption of the principal and payment of interest are guaranteed and limited to the corporate bonds issued through private placement of the securities (as provided for by Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans, foreign exchanges, accrued interest and suspense payments included in "Other assets," items recorded in customers' liabilities for acceptances and guarantees, and lent securities (limited to loan contract for use or lease contract).

March 31	Millions of yen	
	2022	2021
Loans under Bankruptcy/rehabilitation or similar proceedings	¥55	¥45
Risk loans	6	0
Delinquent loans past due over three months	0	0
Restructured loans	—	—
Total	¥61	¥46

Loans under bankruptcy/rehabilitation or similar proceedings are loans to borrowers under bankruptcy or similar proceedings due to the reasons such as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, petition for rehabilitation proceedings, etc.

Risk loans are loans which are not likely to be repaid with the principal and interest according to the contract due to the deteriorated financial positions and operating performances of the debtors, and which do not fall in the category of loans under bankruptcy/rehabilitation or similar proceedings.

Delinquent loans past due over three months are loans on which the payment of principal and/or interest is past due for three months or more from the due date, and which do not fall in the category of loans under bankruptcy/rehabilitation or similar proceedings, or risk loans.

Restructured loans are loans on which terms and conditions have been amended in favor of borrowers, in order to facilitate or assist the borrowers' restructuring by reducing the rate of interest, by providing a grace period for the payment of principal or interest or by loan forgiveness, and which do not fall into the aforementioned categories.

The amounts of above loans are before deducting allowance for credit losses.

(Change in presentation method)

Following the enforcement of the "Cabinet Office Ordinance for Partial Revision of the Regulation for Enforcement of the Banking Act" (Cabinet Office Ordinance No. 3, January 24, 2020) effective on March 31, 2022, the categories of "Risk management loans" of the Banking Act are presented in accordance with the disclosure requirements based on the Law concerning Emergency Measures for the Revitalization of the Financial Functions.

9. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Buildings	¥ 1,784	¥ 1,690
ATMs	20,947	14,342
Other	3,839	3,185
Total	¥26,571	¥19,218

The accumulated depreciation of tangible fixed assets as of March 31, 2022 and 2021 amounted to ¥55,966 million and ¥62,219 million, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Software	¥28,605	¥26,215
Other	4,988	8,642
Total	¥33,593	¥34,857

11. Other Assets

Other assets as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Accrued income	¥ 9,877	¥ 9,672
Prepaid expenses	2,634	2,846
Other	11,550	4,923
Total	¥24,062	¥17,442

12. Deposits

Deposits as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Deposits	¥789,937	¥782,658
Negotiable certificates of deposit	750	750
Total	¥790,687	¥783,408

13. Borrowed Money

Borrowed money as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Borrowed money from banks and insurance companies	¥1,936	¥591

The weighted average interest rate applicable to the balance of total borrowed money as of March 31, 2022 and 2021 was 5.40% and 6.17%, respectively.

The repayment schedule on borrowed money as of March 31, 2022 and 2021 were as follows:

Borrowed money	Millions of yen	
	2022	2021
Within one year	¥1,936	¥591
Over one year but within two years	—	—
Over two years but within three years	—	—
Over three years but within four years	—	—
Over four years but within five years	—	—
Over five years	—	—

Above borrowed money is recorded by a consolidated subsidiary of which fiscal year end is December 31.

14. Bonds

Bonds as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Unsecured:		
0.80% unsecured bonds due March 20, 2023, date of issue March 7, 2013	¥ 20,000 [20,000]	¥ 20,000
0.53% unsecured bonds due December 20, 2024, date of issue December 17, 2014	15,000	15,000
0.39% unsecured bonds due September 17, 2027, date of issue October 20, 2017	30,000	30,000
0.16% unsecured bonds due December 20, 2023, date of issue January 25, 2019	20,000	20,000
0.38% unsecured bonds due December 20, 2028, date of issue January 25, 2019	20,000	20,000
Total	¥105,000 [20,000]	¥105,000

[] denotes a current portion to be repaid within one year.

The repayment schedule on bonds as of March 31, 2022 and 2021 was as follows:

	Millions of yen	
	2022	2021
Within one year	¥20,000	¥ —
Over one year but within two years	20,000	20,000
Over two years but within three years	15,000	20,000
Over three years but within four years	—	15,000
Over four years but within five years	—	—
Over five years	50,000	50,000

15. Other liabilities

Other liabilities as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Accrued expenses	¥10,440	¥ 7,945
Asset retirement obligations	696	677
Other	13,612	12,217
Total	¥24,749	¥20,839

16. Employees' Severance and Retirement Benefits

The Bank and certain domestic consolidated subsidiaries have employee pension plans that are defined benefit pension plans, in addition to the optional defined contribution pension plans.

Certain overseas consolidated subsidiaries have defined benefit retirement payment plans, in addition to defined contribution pension plans.

Defined benefit plan

Fiscal years ended March 31, 2022 and 2021

(1) Movement in projected benefit obligation

	Millions of yen	
	2022	2021
Balance at the beginning of the year	¥3,281	¥3,077
Service cost	287	270
Interest cost	16	15
Actuarial difference	117	24
Benefits paid	(162)	(107)
Other	(0)	(0)
Balance at the end of the year	¥3,540	¥3,281

(2) Movement in plan assets

	Millions of yen	
	2022	2021
Balance at the beginning of the year	¥4,184	¥3,452
Expected return on plan assets	83	69
Actuarial difference	125	472
Contributions paid by the employer	347	297
Benefits paid	(162)	(107)
Balance at the end of the year	¥4,578	¥4,184

(3) Reconciliation from projected benefit obligation and plan assets to liability and assets for retirement benefits recorded on the consolidated balance sheet

	Millions of yen	
	2022	2021
Funded projected benefit obligation	¥ 3,527	¥ 3,274
Plan assets	(4,578)	(4,184)
	(1,051)	(909)
Unfunded projected benefit obligation	13	6
Total net liability (asset) for retirement benefits at the end of the year	(1,038)	(903)
Liability for retirement benefits	13	6
Asset for retirement benefits	(1,051)	(909)
Total net liability (asset) for retirement benefits at the end of the year	¥(1,038)	¥ (903)

(4) Retirement benefit costs

	Millions of yen	
	2022	2021
Service cost	¥287	¥270
Interest cost	16	15
Expected return on plan assets	(83)	(69)
Amortization of actuarial difference	(62)	(19)
Other	(1)	0
Retirement benefit costs	¥156	¥197

(5) Adjustments for retirement benefits

The components of items recognized in adjustments for retirement benefits (pre-tax) were as follows:

	Millions of yen	
	2022	2021
Actuarial difference	¥(54)	¥428
Total amount recognized for the year	¥(54)	¥428

(6) Accumulated adjustments for retirement benefits

The components of items recognized in accumulated adjustments for retirement benefits (pre-tax) were as follows:

	Millions of yen	
	2022	2021
Unrecognized actuarial difference	¥(462)	¥(517)
Total balance at the end of the year	¥(462)	¥(517)

(7) Plan assets

(a) Plan assets comprise:

	2022		2021	
Bonds	60%		55%	
Equity securities	29%		36%	
Other	11%		9%	
Total	100%		100%	

(b) Long-term expected rate of return on plan assets

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions, presented in weighted average rates, as of March 31, 2022 and 2021 were as follows:

	2022	2021
Discount rate	0.5%	0.5%
Long-term expected rate of return on plan assets	2.0%	2.0%
Expected rate of salary increase	2.5%	2.5%

Note: Disclosure of information on overseas consolidated subsidiaries was omitted since it is immaterial.

Defined contribution plan

The amount of required contribution to the defined contribution plans of the Bank and certain domestic and overseas consolidated subsidiaries for the fiscal years ended March 31, 2022 and 2021 was ¥58 million and ¥52 million, respectively.

17. Net Assets

Under the Company Law of Japan (the "Company Law"), the entire amount of the issue price for shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The payment of dividends by the Bank is subject to restrictions under Article 18 of the Banking Law of Japan (the "Banking Law"). The Banking Law provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of the legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by a resolution of a shareholders' meeting or may be capitalized by a resolution of the Board of Directors. On condition that the total amount of the legal earnings reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, they are available for distributions or certain other purposes by a resolution of a shareholders' meeting.

The maximum amount that the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Company Law.

18. Fees and Commissions Income

Fees and commissions income for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Remittance-related fee income	¥ 3,362	¥ 3,438
ATM-related fee income	121,731	123,501
Other	6,225	4,769
Total	¥131,320	¥131,709

19. Fees and Commissions Expenses

Fees and commissions expenses for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Remittance-related fee expenses	¥ 1,631	¥ 1,773
ATM placement fee expenses	28,345	28,282
ATM-related fee expenses	2,327	2,444
Other	3,511	2,859
Total	¥35,816	¥35,360

20. Other Operating Income

Other operating income for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Gains on foreign exchange transactions	¥390	¥201
Total	¥390	¥201

21. General and Administrative Expenses

Main items and amounts of general and administrative expenses for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of yen	
	2022	2021
Salary and allowance	¥ 8,507	¥ 7,608
Retirement benefit costs	215	249
Depreciation of fixed assets	16,388	14,070
Business outsourcing expenses	22,600	21,179

22. Other Income

Other income for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Gain on sales of fixed assets	¥ 19	¥ 273
Gain on change in equity	415	—
Other	924	1,746
Total	¥1,359	¥2,019

23. Other Expenses

Other expenses for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Losses on disposal of fixed assets	¥ 773	¥ 258
Impairment losses	763	—
Provision of allowance for credit losses	415	63
Equity in losses of affiliates	694	796
Other	638	559
Total	¥3,284	¥1,677

24. Impairment Losses

Year ended March 31, 2022

Impairment losses on fixed assets for the fiscal year ended March 31, 2022 consisted of the following:

Location	Purpose	Classification	Millions of yen
			2022
Japan	Business assets	Buildings	¥ 13
		Other tangible fixed assets	2
		Software	670
		Other intangible fixed assets	27
		Other assets	49
Total			¥763

The Group identifies by company as the smallest identifiable group of assets that independently generates cash inflows. For the asset groups above, impairment losses are recognized by reducing their book value to the recoverable amount as their performance is below initial plans with no expectation of full recovery.

The recoverable amount of asset groups is measured at value in use, while carrying amount of assets with no future potential cash flow are reduced to zero.

Year ended March 31, 2021

Not applicable

25. Other Comprehensive Income

Other comprehensive income for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Net unrealized gains (losses) on available-for-sale securities, net of taxes		
Amount arising during the year	¥ 605	¥ 397
Reclassification adjustment	(365)	(482)
Amount before income tax effect	239	(85)
Income tax effect	(73)	26
Total	¥ 166	¥ (59)
Foreign currency translation adjustments		
Amount arising during the year	¥1,353	¥(369)
Reclassification adjustment	—	—
Amount before income tax effect	1,353	(369)
Income tax effect	—	—
Total	¥1,353	¥(369)
Adjustments for retirement benefits		
Amount arising during the year	¥ 8	¥ 447
Reclassification adjustment	(62)	(19)
Amount before income tax effect	(54)	428
Income tax effect	15	(131)
Total	¥ (38)	¥ 296
Total other comprehensive income	¥1,480	¥(131)

26. Income Taxes

Income taxes of the Bank and its domestic consolidated subsidiaries in the consolidated statements of income consist of corporation tax, inhabitant tax and enterprise tax.

(1) Significant components of the deferred tax assets and liabilities as of March 31, 2022 and 2021 were as follows:

	Millions of yen	
	2022	2021
Deferred tax assets:		
Net operating loss carry forwards ³	¥2,528	¥ 2,006
Depreciation of fixed assets and impairment losses	950	720
Enterprise tax	271	348
Reserve for bonuses	238	145
Reserve for stocks payment	237	194
Asset retirement obligations	201	197
Allowance for credit losses	156	27
Accounts payable (Formerly recorded as reserve for retirement benefits for directors and statutory auditors)	6	6
Other	287	270
Subtotal deferred tax assets	4,877	3,918
Valuation allowance for net operating loss carry forwards ³	(489)	(1,902)
Valuation allowance for total future deductible temporary differences	(466)	(750)
Subtotal valuation allowance ²	(956)	(2,652)
Total deferred tax assets	¥3,921	¥ 1,265
Deferred tax liabilities:		
Net unrealized gains (losses) on available-for-sale securities	¥ (267)	¥ (194)
Intangible fixed assets recognized with business combination	(48)	(87)
Adjustment for tangible fixed assets related to asset retirement obligations	(19)	(22)
Other	(609)	(340)
Total deferred tax liabilities	(945)	(645)
Net deferred tax assets	¥2,976	¥ 620

Notes: 1. Net deferred tax assets are included in the following items in the consolidated balance sheets.

	Millions of yen	
	2022	2021
Deferred tax assets	¥2,979	¥707
Deferred tax liabilities	¥ 3	¥ 87

2. Valuation allowance decreased by ¥1,696 million mainly because valuation allowance on tax loss carryforwards of FCTI, Inc., a consolidated subsidiary, decreased by ¥1,631 million.

3. Net operating loss carry forwards and its deferred tax assets by term as of March 31, 2022 and 2021 were as follows:

	Millions of yen						
	March 31, 2022	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Net operating loss carry forwards ¹	¥40	¥—	¥—	¥51	¥89	¥2,346	¥2,528
Valuation allowance	¥—	¥—	¥—	¥—	¥—	¥ (489)	¥ (489)
Deferred tax assets	¥40	¥—	¥—	¥51	¥89	¥1,857	¥2,038

March 31, 2021

	Millions of yen						
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Net operating loss carry forwards ¹	¥ 17	¥45	¥ 12	¥ 5	¥58	¥ 1,866	¥ 2,006
Valuation allowance	¥(17)	¥—	¥(12)	¥ (5)	¥—	¥(1,866)	¥(1,902)
Deferred tax assets	¥—	¥45	¥—	¥—	¥58	¥—	¥ 104

Note: 1. Net operating loss carry forwards is the amount after multiplying by the statutory tax rate.

(2) Reconciliation of the material difference between the statutory tax rate and the effective income tax rate for the fiscal years ended March 31, 2022 and 2021 were as follows:

	2022	2021
Statutory tax rate	30.62%	30.62%
Non-deductible expenses, including entertainment expenses	0.08	0.06
Increase (decrease) in valuation allowance	(6.81)	(1.09)
Equity in losses of affiliates	0.31	0.68
Deductible losses on valuation of shares in subsidiaries and affiliates	—	(2.58)
Other	(0.37)	0.12
Effective tax rate	23.83%	27.81%

27. Changes in Net Assets

(1) Information on shares issued and treasury stock:

Type and number of shares issued and treasury stock for the fiscal years ended March 31, 2022 and 2021 were as follows:

Year ended March 31, 2022	Thousands of shares			
	April 1, 2021	Increase	Decrease	March 31, 2022
Shares issued				
Common stock ¹	1,179,308	—	—	1,179,308
Total	1,179,308	—	—	1,179,308
Treasury stock				
Common stock ^{2 and 3}	3,587	415	21	3,982
Total	3,587	415	21	3,982

Notes: 1. Increase in number of shares of treasury stock: 415 thousand shares due to acquisition of the Bank's shares by the ESOP Trust.
Decrease in number of shares of treasury stock: 21 thousand shares due to issuance of the Bank's shares held by the ESOP Trust
2. The number of shares of treasury stock as of April 1, 2021 and March 31, 2022 includes 3,587 thousand shares and 3,981 thousand shares of the Bank held by the BIP Trust and ESOP Trust, respectively.

Year ended March 31, 2021	Thousands of shares			
	April 1, 2020	Increase	Decrease	March 31, 2021
Shares issued				
Common stock ¹	1,179,129	179	—	1,179,308
Total	1,179,129	179	—	1,179,308
Treasury stock				
Common stock ^{2 and 3}	798	2,853	64	3,587
Total	798	2,853	64	3,587

Notes: 1. Increase in number of shares issued: 179 thousand shares due to exercise of subscription rights
2. Increase in number of shares of treasury stock: 2,853 thousand shares due to acquisition of the Bank's shares by the BIP Trust and ESOP Trust.
Decrease in number of shares of treasury stock: 64 thousand shares due to issuance of the Bank's shares held by the BIP Trust
3. The number of shares of treasury stock as of April 1, 2020 and March 31, 2021 includes 798 thousand shares and 3,587 thousand shares of the Bank held by the BIP Trust and ESOP Trust, respectively.

(2) Information on subscription rights to shares:

Not applicable

(3) Information on dividends:

(a) Dividends paid in the fiscal years ended March 31, 2022 and 2021

Year ended March 31, 2022 (Millions of yen, except per share amounts)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock ¹	¥6,486	Retained earnings	¥5.50	March 31, 2021	June 1, 2021
Common stock ²	¥6,486	Retained earnings	¥5.50	September 30, 2021	December 1, 2021

Notes: 1. Date of resolution: Board of Directors meeting held on May 21, 2021
Aggregate amount of dividends determined by the resolution of Board of Directors on May 21, 2021 includes ¥19 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.
2. Date of resolution: Board of Directors meeting held on November 5, 2021
Aggregate amount of dividends determined by the resolution of Board of Directors on November 5, 2021 includes ¥19 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.

Year ended March 31, 2021 (Millions of yen, except per share amounts)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock ¹	¥6,485	Retained earnings	¥5.50	March 31, 2020	June 1, 2020
Common stock ²	¥6,486	Retained earnings	¥5.50	September 30, 2020	December 1, 2020

Notes: 1. Date of resolution: Board of Directors meeting held on May 22, 2020
Aggregate amount of dividends determined by the resolution of Board of Directors on May 22, 2020 includes ¥4 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.
2. Date of resolution: Board of Directors meeting held on November 6, 2020
Aggregate amount of dividends determined by the resolution of Board of Directors on November 6, 2020 includes ¥19 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.

(b) Dividends to be paid in the fiscal year ending March 31, 2023

(Millions of yen, except per share amounts)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥6,486	Retained earnings	¥5.50	March 31, 2022	June 1, 2022

Note: Date of resolution: Board of Directors meeting held on May 20, 2022
Aggregate amount of dividends to be paid includes ¥21 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.

Cash dividends per share based on business results for the fiscal year ended March 31, 2022 were ¥11.00 annually with the year-end dividend of ¥5.50 added to the interim dividend of ¥5.50.

28. Related Party Transactions

Related party transactions for the fiscal years ended March 31, 2022 and 2021 were as follows:

(1) Transactions between the Bank and related parties

(a) Parent company and major shareholders

Year ended March 31, 2022

Related party	Category	Amounts of transactions		Balance at the end of fiscal year	
		Description of transactions	Millions of yen	Account title	Millions of yen
Seven-Eleven Japan Co., Ltd. ¹	Other related companies	Payment of ATM placement fee expenses ²	¥14,596	Accrued expenses ³	¥1,373

Notes: 1. 38.47% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2022.
2. Terms and conditions as well as decision policies of terms and conditions:
The terms and conditions as well as decision policies of terms and conditions associated with ATM placement fees are determined by comprehensively taking into account compensation for delegated administrative work and Seven-Eleven Japan's infrastructure costs.
3. The accrued expenses include consumption tax.

Year ended March 31, 2021

Related party	Category	Amounts of transactions		Balance at the end of fiscal year	
		Description of transactions	Millions of yen	Account title	Millions of yen
Seven-Eleven Japan Co., Ltd. ¹	Other related companies	Payment of ATM placement fee expenses ²	¥14,116	Accrued expenses ³	¥1,381

Notes: 1. 38.46% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2021.
2. Terms and conditions as well as decision policies of terms and conditions:
The terms and conditions as well as decision policies of terms and conditions associated with ATM placement fees are determined by comprehensively taking into account compensation for delegated administrative work and Seven-Eleven Japan's infrastructure costs.
3. The accrued expenses include consumption tax.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2022 and 2021.

(c) Company that has the same parent company as the Bank, and subsidiaries of the Bank's other related companies

There is no material transaction to be noted for the fiscal years ended March 31, 2022 and 2021.

(d) The Bank's directors and major individual shareholders

There is no transaction for the fiscal years ended March 31, 2022 and 2021.

(2) Transactions between the Bank's consolidated subsidiaries and related parties

(a) Parent company and major shareholders

There is no material transaction to be noted for the fiscal years ended March 31, 2022 and 2021.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2022 and 2021.

(c) Company that has the same parent company as the Bank, and subsidiaries of the Bank's other related companies

Year ended March 31, 2022

Related party	Category	Amounts of transactions		Balance at the end of fiscal year	
		Description of transactions	Millions of yen	Account title	Millions of yen
7-Eleven, Inc.	Same parent company	Payment of ATM placement fee expenses	¥11,707	Accrued expenses	¥1,124

Note: Terms and conditions as well as decision policies of terms and conditions:
The terms and conditions as well as decision policies of terms and conditions associated with ATM placement fees are determined by comprehensively taking into account 7-Eleven, Inc.'s infrastructure costs.

Year ended March 31, 2021

Related party	Category	Amounts of transactions		Balance at the end of fiscal year	
		Description of transactions	Millions of yen	Account title	Millions of yen
7-Eleven, Inc.	Same parent company	Payment of ATM placement fee expenses	¥11,337	Accrued expenses	¥832

Note: Terms and conditions as well as decision policies of terms and conditions:
The terms and conditions as well as decision policies of terms and conditions associated with ATM placement fees are determined by comprehensively taking into account 7-Eleven, Inc.'s infrastructure costs.

(3) Notes on the parent company or any significant affiliated company

- (a) Parent company
Seven & i Holdings Co., Ltd. (listed on the Tokyo Stock Exchange)

29. Lease Transactions

Finance Leases:

Disclosure is omitted as it is immaterial.

Operating Leases:

Future minimum lease payments under non-cancelable operating leases as of March 31, 2022 and 2021 were as follows:

	Millions of yen	
	2022	2021
Due within one year	¥ 784	¥ 589
Due after one year	424	625
Total	¥1,208	¥1,214

30. Asset Retirement Obligations

(1) Overview of asset retirement obligations

Asset retirement obligations are based upon estimated future restoration obligations pursuant to real estate lease agreements of head office and ATM installation agreements of the overseas consolidated subsidiaries.

(2) Method of calculating the amount of the asset retirement obligations

Estimated useful life: 1-18 years
Discount rate: 0.0-3.2%

(3) The changes in asset retirement obligations for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of yen	
	2022	2021
Balance at the beginning of the year	¥677	¥785
Increase due to acquisition of tangible fixed assets	51	1
Accretion expense	4	4
Obligations settled in current period	(68)	(93)
Other increase (decrease)	32	(20)
Balance at the end of the year	¥696	¥677

31. Revenue Recognition

(1) Information on disaggregated revenue from contracts with customers

Information on disaggregated revenue from contracts with customers is described in Note 33 "Segment Information."

(2) Basic information to understand revenue from contracts with customers

The Bank and its consolidated subsidiaries conduct banking business, focusing on the ATM platform business and provide services such as accepting or dispensing cash which the users of the partner financial institutions deposit in or withdraw from their deposit accounts when they use the Bank's ATMs. The Bank receives the service fee income from providing these ATM services. The transaction price is principally determined by multiplying the number of usage of ATMs with the unit price of the service fee based on the contracts with partner financial institutions. The Bank recognizes revenue at the time when the users of the partner financial institutions use the ATM service of the Bank and the related considerations are received generally within the following month after the performance obligations are satisfied.

(3) Information to understand the amounts of revenue from contracts with customers for the fiscal year and after the end of the fiscal year

- Amounts of receivables from contracts with customers are as follows:

	Millions of yen	
	April 1, 2021	March 31, 2022
Receivables from contracts with customers	¥7,609	¥7,239

(Note) Receivables from contracts with customers are included in "Other assets" of the consolidated balance sheet.

32. Per Share Data

Amounts per share as of March 31, 2022 and 2021 and for the fiscal years then ended were as follows:

March 31	Yen	
	2022	2021
Net assets per share	¥206.33	¥198.40

Years ended March 31	Yen	
	2022	2021
Net income per share	¥17.71	¥22.01
Net income per share (diluted)*	¥ —	¥22.00

*Net income per share (diluted) for the fiscal year ended March 31, 2022 is not presented since there is no potentially dilutive shares.

Notes: 1. Net assets per share is calculated based on the following: The Bank has introduced the BIP Trust and ESOP Trust and the Bank's shares held by these Trusts are included in treasury stock that is deducted from the total number of shares issued at the fiscal year end when calculating net assets per share. The number of shares deducted for the fiscal years ended March 31, 2022 and 2021 were 3,981 thousand and 3,587 thousand, respectively.

March 31	Millions of yen, except thousands of shares	
	2022	2021
Net assets	¥ 244,113	¥ 234,676
Amount excluded from net assets	1,606	1,407
Non-controlling interests	1,606	1,407
Net assets attributable to common stock at the fiscal year end	¥ 242,506	¥ 233,269
Number of shares of common stock at the fiscal year end used for the calculation of net assets per share	1,175,325	1,175,720

2. Net income per share and net income per share (diluted) are calculated based on the following: The Bank has introduced the BIP Trust and ESOP Trust and the Bank's shares held by these Trusts are included in treasury stock that is deducted from the weighted average number of shares during the fiscal year when calculating net income per share and diluted net income per share. The weighted average number of shares deducted during the fiscal years ended March 31, 2022 and 2021 were 3,711 thousand and 2,511 thousand, respectively.

Years ended March 31	Millions of yen, except thousands of shares	
	2022	2021
Net income per share		
Net income attributable to owners of the parent	¥ 20,827	¥ 25,905
Amount not attributable to common shareholders	—	—
Net income attributable to common shareholders of the parent	¥ 20,827	¥ 25,905
Average number of shares of common stock during the year	1,175,596	1,176,755
Net income per share (diluted)		
Adjustment for net income attributable to owners of the parent	¥ —	¥ —
Increase in number of shares of common stock	—	254
Subscription rights to shares (inclusive)	—	254
Description of dilutive shares not included in the calculation of net income per share (diluted) because the shares have no dilutive effects	—	—

33. Segment Information

(1) Overview of reportable segments

The Group's reportable segments are units of the Group for which discrete financial information is available and are subject to the periodical review by the Board of Directors, which is the decision maker of the allocation of management resources and assess performances. The Group has two reportable segments: "Domestic business segment" and "Overseas business segment." Domestic business segment consists of banking services focusing on ATM platform business in Japan while Overseas business segment consists of ATM services engaged primarily in the U.S., Indonesia and the Philippines.

(2) Calculation method for ordinary income, segment profit or loss, assets, liabilities and other material items by reportable segment

Accounting treatment for reportable segments is consistent with those described in "2. Significant Accounting Policies."

Segment profit is based on ordinary profit.

Ordinary income from internal transactions is based on transaction prices between third parties.

(3) Information on ordinary income, segment profit or loss, assets and other items and on disaggregated revenue are as follows:

Year ended March 31, 2022

	Millions of yen			Adjustments	Consolidated
	Reportable segment		Total		
	Domestic	Overseas	Total		
Ordinary income:					
ATM fee	¥ 97,427	¥24,303	¥ 121,731	¥ —	¥ 121,731
Other	9,454	133	9,588	—	9,588
Ordinary income from customer contracts	106,882	24,437	131,320	—	131,320
Other	5,119	255	5,374	(26)	5,347
Ordinary income from external customers	112,001	24,693	136,694	(26)	136,667
Internal transactions	10	—	10	(10)	—
Total	¥ 112,012	¥24,693	¥ 136,705	¥ (37)	¥ 136,667
Segment profit	¥ 27,035	¥ 1,282	¥ 28,317	¥ (62)	¥ 28,255
Segment assets	¥1,214,380	¥30,617	¥1,244,997	¥(23,374)	¥1,221,623
Other:					
Depreciation	¥ 15,150	¥ 1,238	¥ 16,388	¥ —	¥ 16,388
Interest income	4,015	17	4,032	—	4,032
Interest expenses	507	94	602	—	602
Equity in losses of affiliates	(694)	—	(694)	—	(694)
Impairment losses	763	—	763	—	763
Investments in equity-method affiliates	1,424	—	1,424	—	1,424
Increase in tangible and intangible fixed assets	19,612	4,100	23,712	—	23,712

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. Adjustments are mainly elimination of internal transactions.

Year ended March 31, 2021

	Millions of yen			Adjustments	Consolidated
	Reportable segment		Total		
	Domestic	Overseas	Total		
Ordinary income:					
External customers	¥ 112,792	¥24,653	¥ 137,446	¥ (178)	¥ 137,267
Internal transactions	15	—	15	(15)	—
Total	¥ 112,808	¥24,653	¥ 137,461	¥ (194)	¥ 137,267
Segment profit (loss)	¥ 33,751	¥ 1,836	¥ 35,588	¥ 52	¥ 35,640
Segment assets	¥1,198,326	¥14,005	¥1,212,332	¥(15,173)	¥1,197,158
Other:					
Depreciation	¥ 13,120	¥ 950	¥ 14,070	¥ —	¥ 14,070
Interest income	3,606	16	3,623	(13)	3,609
Interest expenses	524	28	553	(13)	539
Equity in losses of affiliates	(796)	—	(796)	—	(796)
Investments in equity-method affiliates	1,703	—	1,703	—	1,703
Increase in tangible and intangible fixed assets	24,467	664	25,132	—	25,132

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. Adjustments are mainly elimination of internal transactions.

Related Information

(1) Information by service

For the fiscal year ended March 31, 2022

March 31, 2022	Millions of yen		
	ATM related business	Other	Total
Securities with higher balances than acquisition costs			
Ordinary income attributable to external customers	¥121,731	¥14,936	¥136,667

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

For the fiscal year ended March 31, 2021

March 31, 2021	Millions of yen		
	ATM related business	Other	Total
Securities with higher balances than acquisition costs			
Ordinary income attributable to external customers	¥123,501	¥13,765	¥137,267

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

(2) Information by geographical area

(a) Ordinary income

For the fiscal year ended March 31, 2022

Japan	U.S.	Other	Total
¥112,047	¥22,675	¥1,944	¥136,667

For the fiscal year ended March 31, 2021

Japan	U.S.	Other	Total
¥112,610	¥24,234	¥421	¥137,267

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. Ordinary income is classified into countries or regions based on the location of the Group's regional headquarters.

(b) Tangible fixed assets

For the fiscal year ended March 31, 2022

Japan	U.S.	Other	Total
¥21,353	¥1,394	¥3,823	¥26,571

For the fiscal year ended March 31, 2021

The amount of tangible fixed assets located in Japan exceeds 90% of that on the consolidated balance sheet as of March 31, 2021; therefore, geographical information is omitted.

(3) Information by major customer

Disclosure is omitted because there were no specific customers whose ordinary income accounts for 10% or more of ordinary income in the consolidated statements of income for the fiscal years ended March 31, 2022 and 2021.

Information on impairment losses on fixed assets for each reportable segment

For the fiscal year ended March 31, 2022

Year ended March 31, 2022	Millions of yen				
	Reportable segment			Other	Total
	Domestic	Overseas	Total		
Impairment losses	¥763	¥—	¥763	¥—	¥763

For the fiscal year ended March 31, 2021

None

Information on amortization of goodwill and its remaining balance for each reportable segment

For the fiscal year ended March 31, 2022

None

For the fiscal year ended March 31, 2021

None

34. Significant Subsequent Events

None



Independent auditor's report

To the Board of Directors of Seven Bank, Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Seven Bank, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the amount of automatic teller machines (ATM)-related fee income recognized

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of income of the Company and its consolidated subsidiaries, ATM-related fee income of ¥121,731 million was recognized, which represented approximately 89% of total income. Of this amount, ATM-related fee	The primary procedures we performed to assess the accuracy of the amount of ATM-related fee income recognized included the following: (1) Internal control testing We tested the design and operating effectiveness of certain of the Company's internal controls relevant to

income of the Company amounted to ¥97,151 million.

ATM-related fee income of the Company is recognized based on calculations done by the IT system. However, in executing this system calculation, it is necessary to aggregate in a timely and accurate manner a large number of ATMs transactions nationwide and to reflect the fees of various different system pricing structures correctly. In addition, two changes have occurred for the current fiscal year, 1) IT system upgrade and 2) change in the fee calculation process due to the change in the fee structures. Therefore, the accuracy of the amount of ATM-related fee income recognized in the consolidated statement of income has inherent risks.

In addition, auditors, in principle, are required to evaluate what kind of fraud risks exist based on a presumption that there are fraud risks in relation to revenue recognition in accordance with auditing standards.

As such, we performed our audit based on a presumption that the unit price master for ATM-related fee income has a risk to be manipulated arbitrarily, as the data entry for registration or modification of the unit price master is performed manually.

We, therefore, determined that our assessment of the accuracy of the amount of ATM-related fee income recognized was the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

the recognition of ATM-related fee income, including its internal controls over the changed fee calculation process, with a particular focus on the following:

- management of the unit price master;
- aggregation of the number of transactions; and
- generation of billing data.

The internal control testing over the related IT systems included general IT control including the control after the system was upgraded and application control testing involving our IT specialists.

(2) Assessment of the accuracy of the amount of ATM-related fee income recognized

In order to assess the accuracy of the amount of ATM-related fee income recognized including the amount of ATM-related fee income recognized based on the changed fee calculation process, we:

- assessed whether the amount recognized agreed with the amount recalculated by us based on contract unit prices and the number of transactions aggregated in the IT system;
- assessed whether newly registered/modified unit prices and their effective dates agree with contract information, by inspecting monthly fee billing data for partner companies for those unit prices that were newly registered or modified;
- assessed whether contract unit prices were properly reflected in the monthly billing data for fees paid to partner companies, for those unit prices that were newly registered or modified, by inspecting Executive Committee meeting materials and approved documents; and
- assessed whether the amount recognized, based on statistical random sampling techniques and specific sampling based on quantitative criteria, agreed with confirmation balances with partner companies or amounts recognized within cash receipt data.

Other Information

The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements, and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/Yukihisa Tatsumi

Designated Engagement Partner

Certified Public Accountant

/S/Tomoaki Takeuchi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
September 30, 2022

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Company Information

The Company (As of June 30, 2022)

Company Name	Seven Bank, Ltd.	Number of Employees	515 (Non-consolidated, excluding officers, executive officers, temporary staff and part-time employees)
Head Office	1-6-1, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan	Credit Ratings	[S&P] Long-term counterparty issuer rating "A" Outlook "negative" Short-term counterparty issuer rating "A-1" [Rating & Investment Information, Inc. (R&I)] Issuer rating "AA-" Outlook "stable"
Chairman and Representative Director	Yasuaki Funatake		
President and Representative Director	Masaaki Matsuhashi		
Established	April 10, 2001		
Initiated Operations	May 7, 2001		
Common Stock	30,724 million yen		
Number of Shares Issued	1,179,308,000		

Consolidated subsidiaries (As of March 31, 2022)

Company Name	Head Office	Representative (title/name)	Established	Common Stock	Business Description	Percentage of Voting Rights Held by the Bank	Percentage of Voting Rights Held by Subsidiaries, etc.
FCTI, Inc.	Los Angeles, California, USA	President: Wayne Malone	August 25, 1993	19 million U.S. dollars	ATM operation business	100%	—
PT. ABADI TAMBAH MUJIA INTERNASIONAL	Jakarta Special Capital Region, Indonesia	President: Jo Watabe	June 10, 2014	690,390 million Indonesian Rupiah	ATM operation business	85.48%	—
Bank Business Factory Co., Ltd.	134 Kodo-cho, Hodogaya-ku, Yokohama-shi, Kanagawa Prefecture, Japan	President and Representative Director: Sumito Inoue	July 1, 2014	250 million yen	Back-office support on commission	100%	—
Seven Payment Services, Ltd.	1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	President and Representative Director: Satoshi Wada	January 11, 2018	475 million yen	Remittance and settlement services, Bank Agency Business	100%	—
Pito AxM Platform, Inc.	Makati, Manila Metropolitan Area, Republic of the Philippines	President: Masanori Sakaguchi	April 1, 2019	1,500 million Philippine pesos	ATM operation business	100%	—
Seven Global Remit, Ltd.	1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	CEO: Yasuharu Ueki	June 3, 2019	100 million yen	Money Transfer Services for Foreign Nationals	100%	—
ACSION, Ltd.	1-6-1 Otemachi, Chiyoda-ku, Tokyo, Japan	President: Yoshiki Yasuda	July 16, 2019	349 million yen	Identity verification and fraud detection platform business	58.25%	—
Credd Finance, Ltd.	1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	President and Representative Director: Yasuharu Ueki	January 22, 2020	100 million yen	Money Lending Services for Foreign Nationals	60%	—

Name and Address of Branches and Outlets (As of March 31, 2022)

Headquarters Location: 1-6-1, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan

Branches Location: 1-6-1, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan

Each branch has been assigned a name of a flower suitable for each month. (As our bank engages in non-face-to-face transactions mainly through ATMs, we do not conduct over-the-counter services at these branches. We receive and handle all inquiries from customers at our Contact Centers.

Month when Account was Opened	Branch Name	Month when Account was Opened	Branch Name	Month when Account was Opened	Branch Name
January	Margaret	May	Carnation	September	Salvia
February	Freesia	June	Iris	October	Cosmos
March	Pansy	July	Rose	November	Cattleya
April	Tulip	August	Hibiscus	December	Poinsettia

For corporate customers, we open corporate accounts providing services necessary for business operations, such as ATM tie-ups and acceptance of cash proceeds from sales. Branches offering services to corporate customers are as follows.

Name of Branches
Corporate Business Division I
Corporate Business Division II
Corporate Business Division III
Corporate Business Division IV
Corporate Business Division V

Joint Outlets

Number of ATM installation locations and number of ATMs installed according to outlet

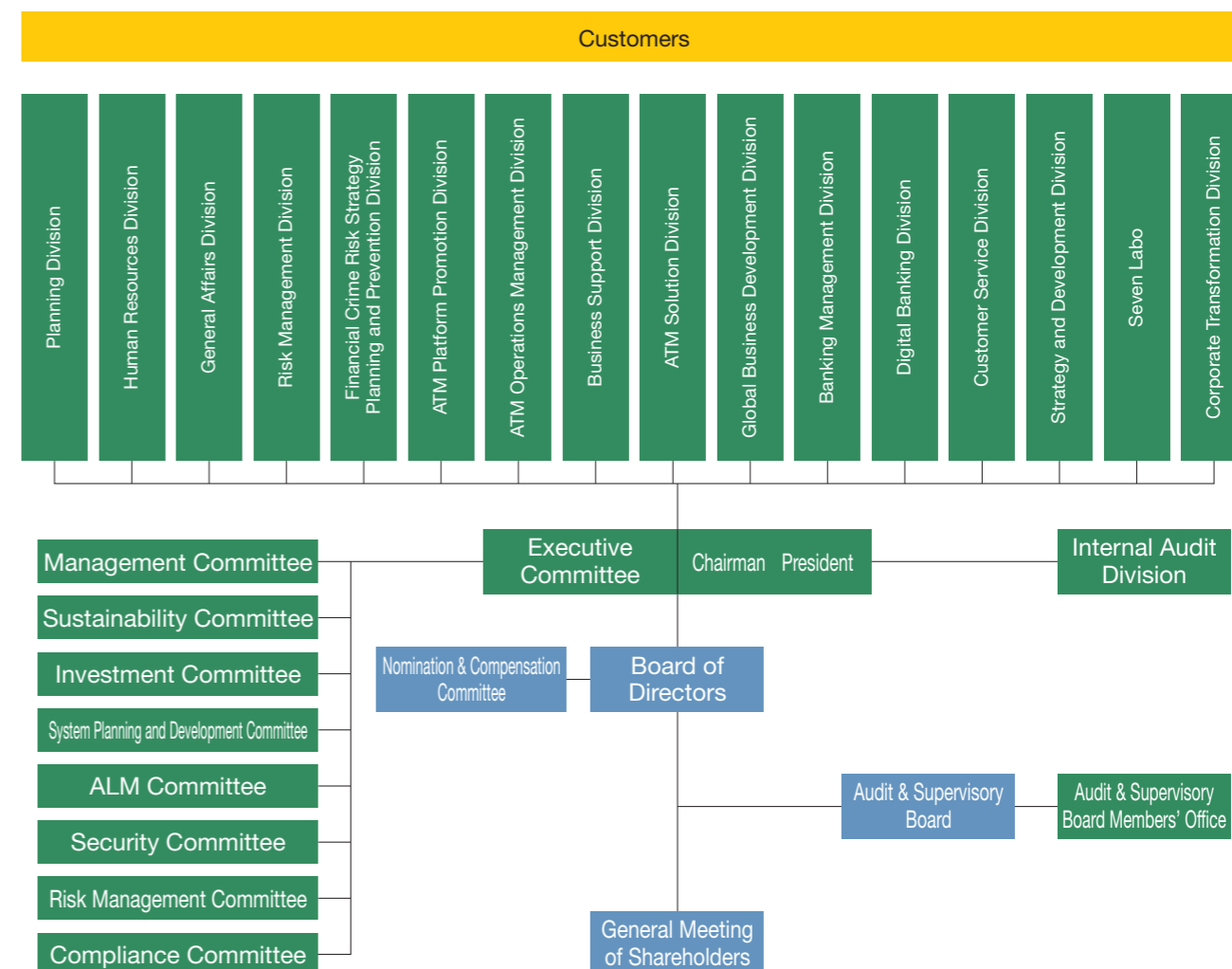
	Number of locations	Number of ATMs
Seven-Eleven	21,172	22,550
Others	3,196	3,703
Total	24,368	26,253

* Please refer to the Seven Bank Web site (<https://www.sevenbank.co.jp/english/>) for the latest information on ATMs.

Bank Agency

- **Relia, Inc.**
Location: 2-6-5, Yoyogi, Shibuya-ku, Tokyo
- **Seven Global Remit, Ltd.**
Location: 1-6-1 Marunouchi, Chiyoda-ku, Tokyo
- **Seven Payment Services, Ltd.**
Location: 1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan

Organization Chart (As of July 1, 2022)

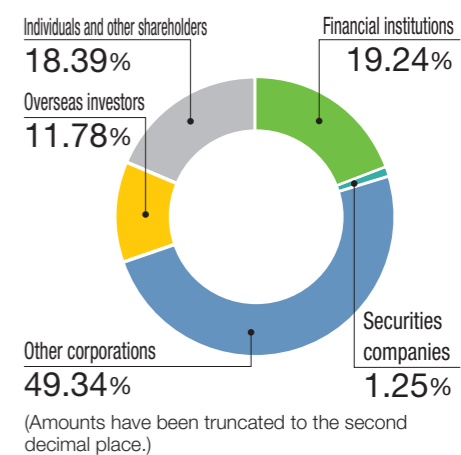


Status of Major Shareholders (As of March 31, 2022)

Shareholder name/title	Number of shares (Thousands of shares)	Holding (%)
Seven-Eleven Japan Co., Ltd.	453,639	38.46
The Master Trust Bank of Japan, Ltd. (trust account)	93,355	7.91
Ito-Yokado Co., Ltd.	46,961	3.98
York-Benimaru Co., Ltd.	45,000	3.81
Custody Bank of Japan, Ltd. (trust account)	42,117	3.57
Sumitomo Mitsui Banking Corporation	15,000	1.27
The Dai-ichi Life Insurance Company, Limited	15,000	1.27
MUFG Bank, Ltd.	10,000	0.84
Nomura Research Institute, Ltd.	10,000	0.84
NEC Corporation	10,000	0.84












(Holding ratios have been truncated to the second decimal place.)

Composition of Shareholders (As of March 31, 2022)



(Amounts have been truncated to the second decimal place.)

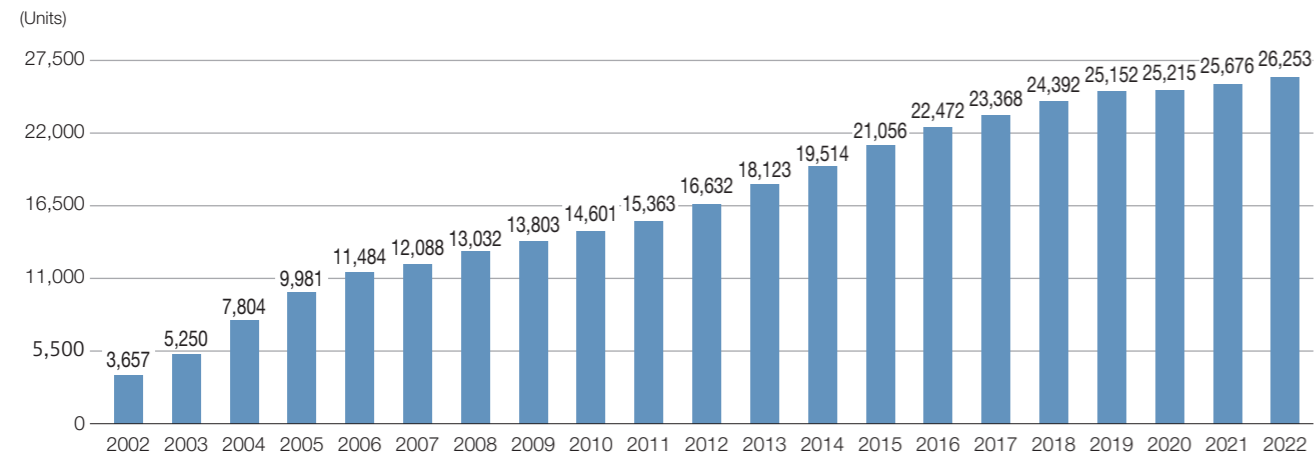
History (As of March 31, 2022)

2001	<p>April 6 Preliminary license received</p>  <p>April 10 IY Bank Co., Ltd. established (common stock: 20,205 million yen)</p>  <p>アイワイバンク銀行</p> <p>April 25 Banking business license received</p> <p>May 7 Initiated operations (began accepting applications for new accounts)</p>  <p>IY Bank cash card</p> <p>May 15 Initiated ATM services</p>   <p>First-generation ATM</p> <p>May 23 Joined Japanese Bankers Association (full member)</p> <p>June 11 Connected to Zengin system</p> <p>June 13 Connected to BANCS</p> <p>June 18 Initiated money transfer services</p> <p>July 13 Number of ATMs installed exceeded 1,000</p> <p>December 1 Began services for acceptance of cash proceeds from sales</p> <p>December 17 Initiated Internet banking services</p>	2005	<p>July 26 Introduction of second-generation ATMs</p>  <p>Second-generation ATM</p> <p>October 11 Company name changed to Seven Bank, Ltd.</p>   <p>Seven Bank IC cash card</p> <p>2006</p> <p>January 3 Began operation of new accounting system</p> <p>March 20 Began providing time deposit service</p> <p>April 3 Began accepting IC cash cards with ATMs</p> <p>2007</p> <p>June 25 Began receiving outsourcing of ATM operation and administration</p> <p>July 11 Initiated services for cards issued overseas</p> <p>Started new installation of ATMs outside Seven & i Group</p> <p>September 3 ATMs became capable of topping up nanaco electronic money cards</p> <p>September 27 Completed installation of ATMs in Seven-Eleven and Ito-Yokado operating areas (36 prefectures at the time)</p> <p>November 26 Initiated ATM services for visually impaired customers (voice-guided transactions)</p> <p>December 17 Completed installation of ATMs in all 47 prefectures</p> <p>2008</p> <p>February 29 Listed on the JASDAQ Securities Exchange (currently the Tokyo Stock Exchange JASDAQ Market)</p> <p>2010</p> <p>January 25 Initiated personal loan services</p> <p>July 7 Established directly managed ATM corner</p>  <p>Shinjuku Kabukicho corner (internal view)</p>	2010	<p>November 29 Introduction of third-generation ATMs</p>  <p>Third-generation ATM</p> <p>2011</p> <p>March 22 Initiated international money transfer services</p> <p>December 1 Stock split Adopted share unit number system with 100 shares per unit</p> <p>December 26 Listed on the First Section of the Tokyo Stock Exchange</p>  <p>2012</p> <p>June 27 Number of Seven Bank accounts exceeded 1 million</p> <p>October 6 Acquired all issued shares of Financial Consulting & Trading International, Inc. of the United States to make it a wholly owned subsidiary</p> <p>2013</p> <p>September 27 U.S.-based subsidiary Financial Consulting & Trading International, Inc. acquired the ATM business of Global Access Corp.</p> <p>2014</p> <p>January 8 Initiated Seven Bank account ATM transaction screens in nine languages</p> <p>June 10 Established PT. ABADI TAMBAH MULIA INTERNASIONAL ("ATMi"), a joint venture operating ATMs in Indonesia</p> <p>July 1 Established Bank Business Factory Co., Ltd., a wholly owned subsidiary engaged in back-office support on commission</p> <p>July 31 Number of ATMs installed exceeded 20,000</p> <p>2015</p> <p>August 6 PT. ABADI TAMBAH MULIA INTERNASIONAL started operating ATM business in Indonesia</p> <p>October 1 Financial Consulting & Trading International, Inc., a subsidiary in the United States, changed its name to "FCTI, Inc."</p> <p>December 16 Expansion of language options on ATM screens and slips to 12 languages, etc. when cards issued overseas are used</p> <p>2016</p> <p>October 17 Issued cash cards with a debit function</p> <p>2017</p> <p>March 27 Began offering the ATM deposit/withdrawal service via smartphones</p> <p>October 1 Began real-time money transfers services</p>	2018	<p>January 11 Established Seven Payment Service, Ltd., a wholly owned subsidiary, which conducts remittance and settlement services</p> <p>May 7 Seven Payment Service, Ltd. began offering ATM cash receiving services</p> <p>October 15 Began handling a top-up service at ATMs for electronic money to transportation IC cards, etc.</p> <p>2019</p> <p>April 1 Established Pito AxM Platform, Inc., a wholly owned subsidiary in the Philippines operating ATMs</p> <p>April 5 Designated five "material issues"</p> <p>June 3 Established Seven Global Remit, Ltd., a wholly owned subsidiary engaged in fund transfer business for foreign nationals in Japan</p> <p>July 16 Established ACSiON, Ltd., a joint venture operating security services</p> <p>September 26 Introduction of fourth-generation ATMs</p>  <p>Fourth-generation ATM</p> <p>2020</p> <p>January 22 Established Credd Finance, Ltd., a joint venture engaged in money lending business for foreign nationals in Japan</p> <p>April 20 Launched "My Seven Bank," an app that enables instant account opening with a smartphone</p> <p>August 20 Credd Finance, Ltd. launched Senty Credit Card, credit-related services for foreign nationals in Japan</p> <p>August 31 Began ATM services for Individual Number Card Points preregistration/application</p> <p>October 1 ACSiON, Ltd. launched Detecker, a fraud detection platform</p> <p>October 30 Credd Finance, Ltd. launched Senty Personal Loan, loan services for foreign nationals in Japan according to their purposes</p> <p>December 8 ACSiON, Ltd. launched proost, an online personal authentication service</p> <p>2021</p> <p>February 26 Pito AxM Platform, Inc. started operating ATM business in the Philippines</p> <p>March 26 Began ATM services for application to use Individual Number Card as a health insurance card</p> <p>March 29 Seven Global Remit, Ltd. launched Senty, a smartphone app for international money transfer service</p> <p>April 5 Formulated Purpose of Seven Bank Group</p> <p>September 21 Launched Seven Bank Post Payment Service</p>
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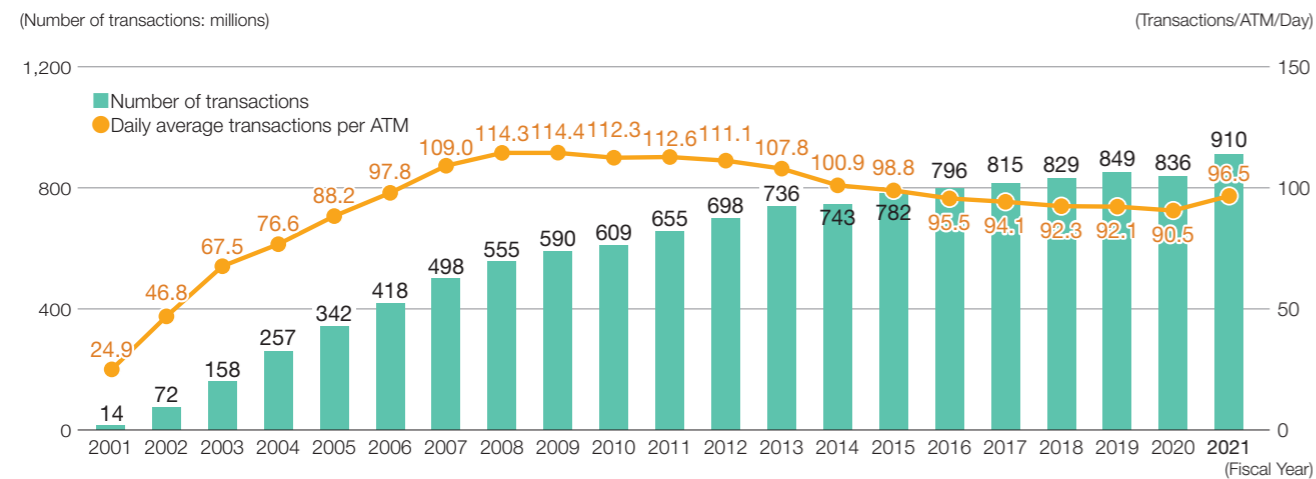
Principal Data

Growth Trajectory of Seven Bank's ATM

Number of ATMs installed as of March 31



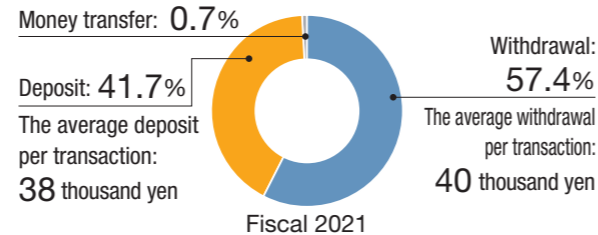
Number of ATM transactions per Fiscal Year¹ and Daily Average Transactions per ATM¹



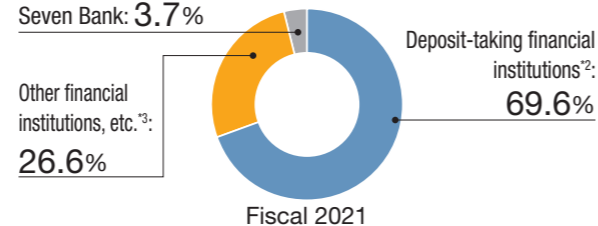
Number of ATMs Installed by Location (as of March 31, 2022: 26,253 units)

Location	Within Seven & i Group	Total	Outside the Group	Total
Seven-Eleven (Stores with multiple units installed: 1,378)	22,550	22,550	Commercial facilities	1,669
Ito-Yokado	254	254	Office buildings	108
York-Benimaru	238	238	Railway stations	726
York Mart	96	96	Highway rest areas	77
Seibu	13	13	Airports	63
Sogo	9	9	Others (financial institutions, etc.)	398
LOFT	5	5		
Akachan Honpo	3	3		
Denny's	1	1		
Headquarters, Directly managed ATM corner, etc.	43	43		

Number of ATM Transactions by Service¹ Breakdown (excluding Seven Bank)



Number of ATM Transactions by Business Category¹ Breakdown

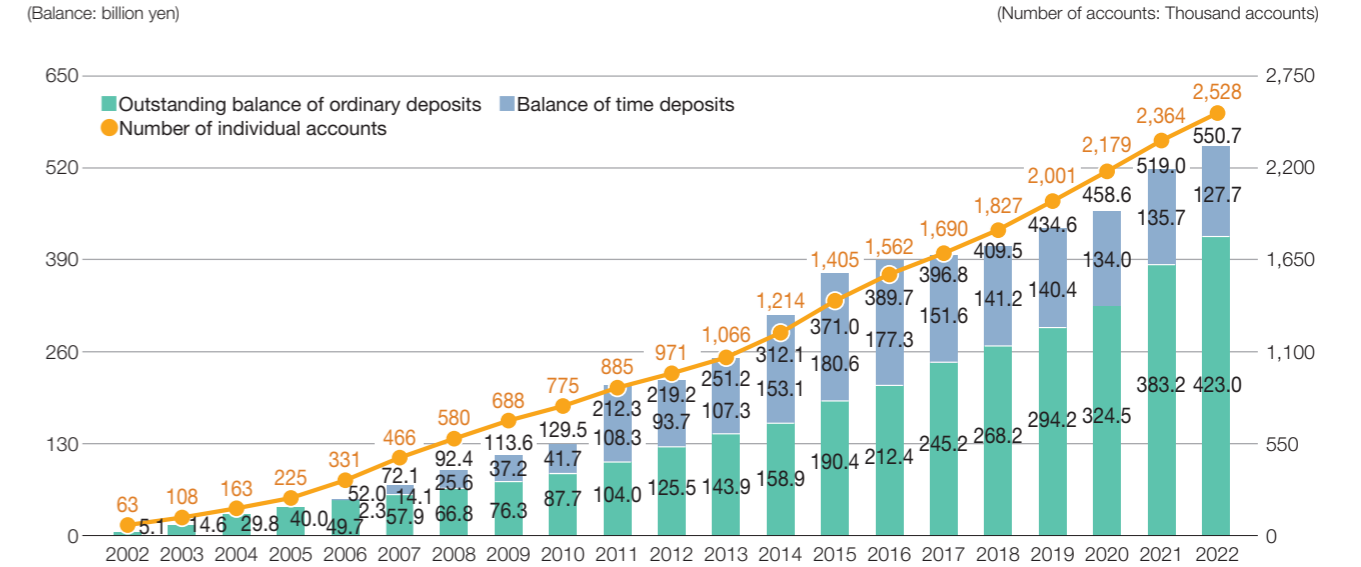


(Amounts have been truncated to the second decimal place.)

*1. Number of transactions: Total number of deposits, withdrawals and money transfers. Balance inquiry, electronic money charge/balance confirmation, PIN number change, usage limit change, and Individual Number Card Points preregistration/application are not included.
*2. Deposit-taking financial institutions: Banks (excluding Seven Bank), Shinkin banks, credit cooperatives, labor banks, the JA Bank, the JF Marine Bank, the Shoko Chukin Bank.
*3. Other financial institutions, etc.: securities companies, life insurance companies, credit card companies, consumer finance companies, business loan providers, operating companies, cards issued overseas.

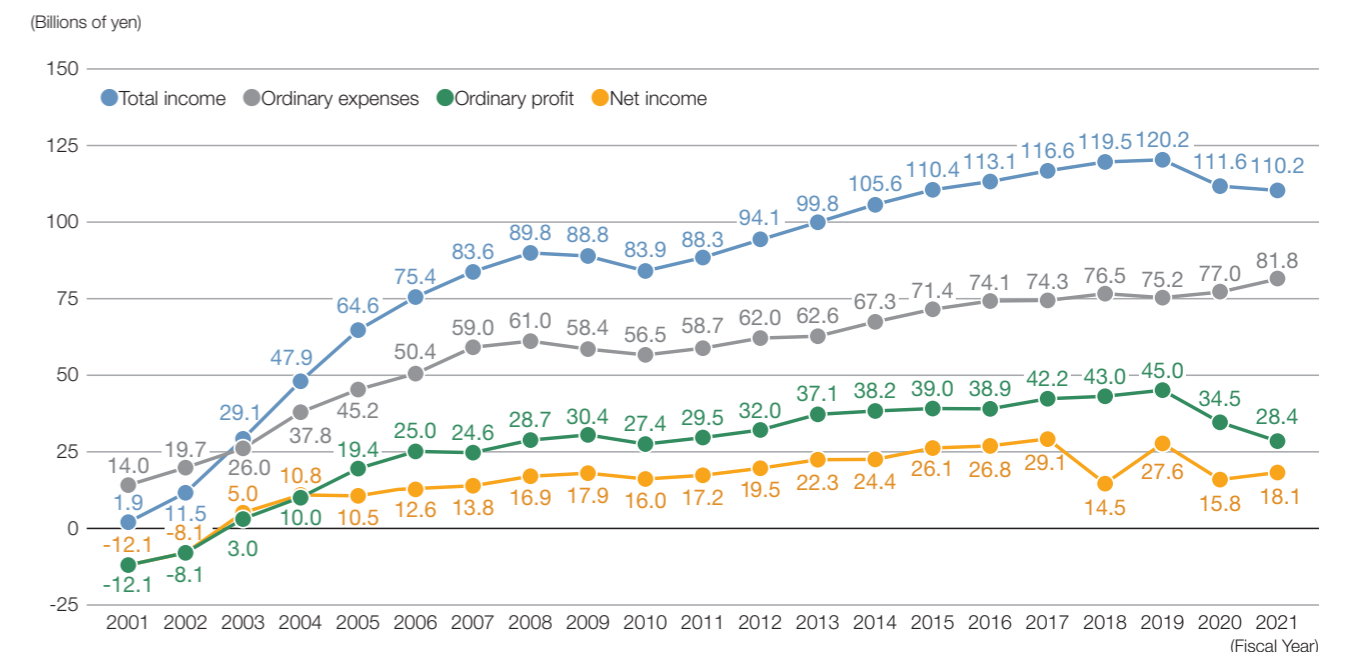
Growth Trajectory of Seven Bank's Accounts (individuals)

Growth in Total Balance and Number of Accounts (individuals) as of March 31



Financial Highlights

Changes in Profit/Loss (non-consolidated)





As a member of the Group

Holding true to our core philosophy

Corporate Principles

1. We aim to be a sincere company that our customers trust.
2. We aim to be a sincere company that our business partners, shareholders, and local communities trust.
3. We aim to be a sincere company that our employees trust.

Management policy

1. We aspire to be a trusted financial service provider that fully meets customer needs.
2. We act to promptly introduce the benefits of technical innovation and pursue self-development.
3. We strive to contribute to the stability and advancement of the financial system by providing a secure and efficient payment infrastructure.

Charter of Ethics

(Only items are excerpted)

1. Be fully aware of the public nature and social responsibilities of a bank.
2. Provide highly convenient, customer focused services, matched to current needs.
3. Act with integrity and fairness.
4. Communicate with society.
5. Have respect for humanity.