



Every day a better way

Integrated Report 2023

For the year ended March 31, 2023

SEVEN BANK, LTD.

■ Seven Bank website address

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



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.

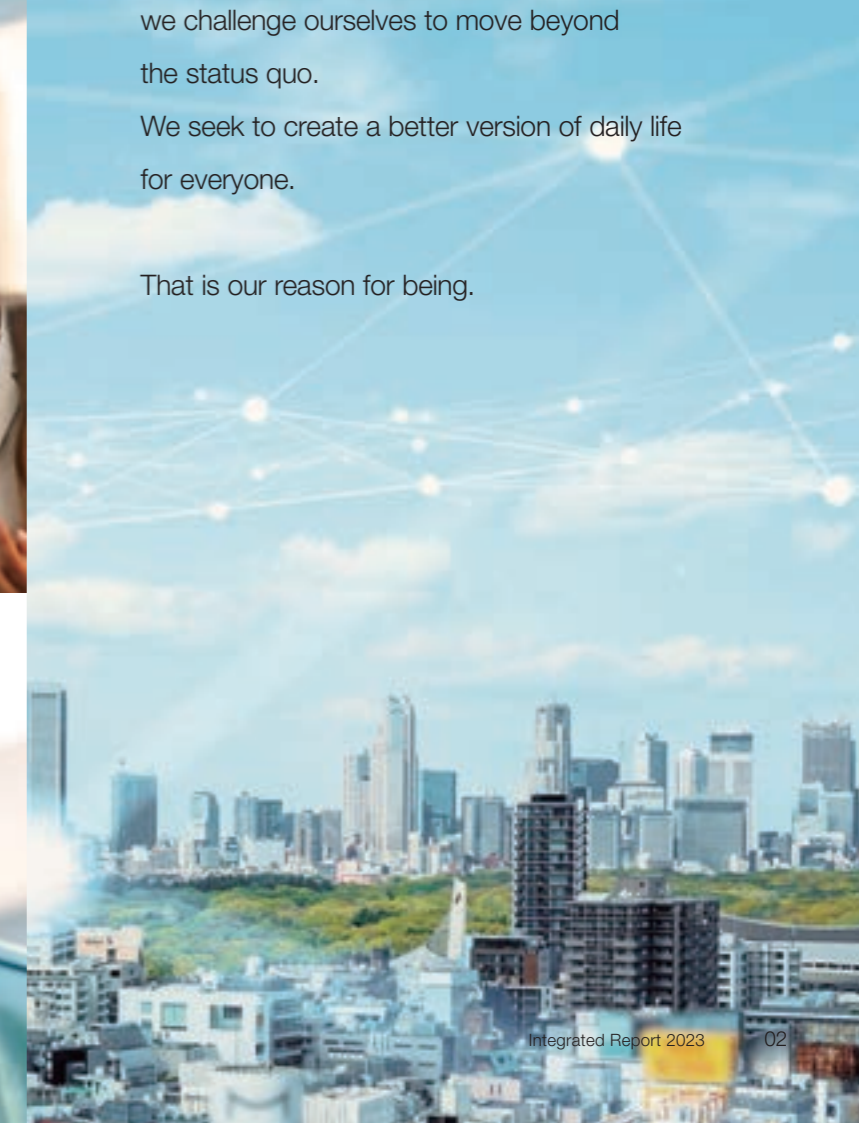
As a unique bank that offers, convenience, reliability and trust, Seven Bank continues to launch new initiatives that support people and society.

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.



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Editorial policy

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

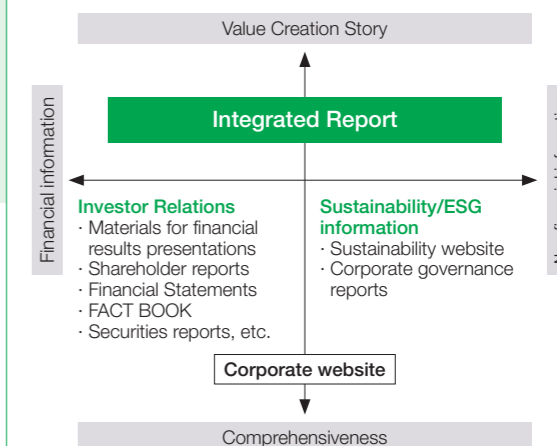
This integrated report includes information related to Seven Bank's management ethos, business performance, business overview, corporate social responsibility (CSR) and financial position. It has also been prepared to include comprehensive non-financial information that supports our sustainable growth.

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.

Positioning of Integrated Report



- Corporate website >>> <https://www.sevenbank.co.jp/english/corp/>
- Investor Relations >>> <https://www.sevenbank.co.jp/english/ir/>
- Sustainability website >>> <https://www.sevenbank.co.jp/english/csr/>

TOP MESSAGE

We are committed to fulfilling our Purpose to achieve further sustainable growth and enhance corporate value.

Masaaki Matsuhashi

President and Representative Director

Instilling and implementing our Purpose through dialogue with all employees

A year has passed since I assumed the position of president. Looking back, I have come to many realizations. And, while I have uncovered new challenges that we face, I have also been able to reaffirm our company's strengths. In the approximately 22 years since our founding, we have responded to the wishes of our customers, constantly pushing ourselves to think outside the box, and continuously developing new services. The pace of change, however, has become increasingly frenetic. Further innovation is required if we are to continue to offer services beyond our customers' expectations. To achieve this, I believe it is very important to have a strong desire to transcend the framework of financial services to face the various social issues around us and contribute to resolving them.

With the aim of sharing these thoughts with our employees, we have held nearly 60 town hall meetings over the past year—each limited to six or seven employees—and have talked with more than 500 people to this point. When we asked participants how they were reflecting our Purpose in their daily endeavors,

many of them came up with ideas and case studies beyond what we had previously imagined. This indicated to us that everyone, regardless of department, is thinking earnestly about how they can contribute to fulfilling the Purpose through their work. For sharing these case studies with all employees to stimulate them, we conducted an internal event called "Purpose Award" at the end of FY2022. This was a contest in which employees from all departments were invited to submit initiatives that embodied our Purpose in action, and all employees voted in the final round of judging. Entries from all departments and subsidiaries totaled 47 initiatives. The top three initiatives were chosen in a vote by most of employees. Judging the entries was truly hard, as they were all excellent. Through these efforts, we hope to move forward from understanding the Purpose to the implementation phase, and by having all employees work toward the fulfillment of the Purpose, we hope to firmly connect this to further growth.



Overview of FY2022

For FY2022, consolidated ordinary income was ¥154.9 billion—a new record—and ordinary profit totaled ¥28.9 billion. On a non-consolidated basis, Seven Bank recorded ¥120.5 billion in ordinary income and ¥31.5 billion in ordinary profit, resulting in increases in both consolidated and non-consolidated ordinary income and ordinary profit.

First, in our ATM platform business, the number of ATMs installed was generally in line with the company's plan, owing chiefly to installations outside the Seven & i Group and the response to alternative needs of financial institutions in regional areas. The number of ATM transactions reached a total of approximately 980 million for the year, and there was an average of 101.5 transactions per machine per day, broaching the 100 level for the first time in some time. This is largely due to the recovery of human traffic once the pandemic subsided. This has spread not only to cash deposits and withdrawals by traditional deposits and savings financial institutions, but also into e-money and smartphone settlement businesses, cash charges to local currencies, and increased use of cards issued abroad by visitors to Japan.

In the domestic retail business, the number of accounts totaled 2,755,000, with a balance of ¥575.6

billion. Both areas exhibited growth, and there was a particularly robust gain of about 25% YoY in the balance of loans. Our view is that this is attributable to increasingly active individual consumer behavior and the corresponding proactive marketing undertakings on social media platforms.

In our overseas business, expansion continues particularly in Asia. In the U.S., we are implementing a host of initiatives, including demonstration experiments for credit services to meet small cash needs and further streamlining the management of funds in ATMs. The number of ATMs installed in Indonesia has grown to 5,557 as of the end of FY2022 (end of December 2022), and we will continue working to grow profits while ensuring profitability. In the Philippines, the number of ATMs reached 2,324 over the same period, and the number of transactions is growing steadily. Furthermore, costs may be somewhat high in the country due to the inclusion of cash recycling machines (ATMs with banknote refunding), but we will capitalize on this to verify services for acceptance of cash proceeds from sales, with the goal of returning to profitability as quickly as possible.

New developments in the Medium-Term Management Plan

We have reached the midpoint of the third year of our Medium-Term Management Plan (FY2021–FY2025), and we believe that several of our projects are taking shape. We will accelerate the diversification of our domestic operations by evolving our core business—domestic ATMs—and further expanding our growth domains. The two major pillars of our business are a new value offering of ATMs, a service that provides a liaison for all kinds of authentications and procedures. The other is the upgrading of the retail business through the consolidation of Seven Card Service Co., Ltd. as a consolidated subsidiary and other means.

First, with regard to offering new value through our ATMs, we see that various financial institutions are currently faced with the issue of being forced to raise operational efficiency to unprecedented levels, while also ensuring compliance with regulations. With this in mind, in September 2023, we will finally launch a couple of services leveraging the capabilities of our fourth-generation ATMs, which we have been testing since 2019.

We believe that utilizing our ATMs—already an established component of the social infrastructure—as a conduit for a variety of notifications and procedures involving identity verification, will not only enhance the operational efficiency of financial institutions and businesses, but also heighten customer convenience and satisfaction. By making Seven Bank ATMs the conduit for all manner of authentication and procedures, we will work toward realizing a world where procedures can be performed nearby and in a convenient manner.

Secondly, we are also looking to upgrade our retail business, which is driven by a host of changes in the financial services environment. These include advances in technology, the emergence of fintech companies, the diversification of financial services, and changes in global financial policy. Given these conditions, we decided to make Seven Card Service a subsidiary with the aim of creating new experience value in integrated “retail + finance,” transcending traditional boundaries. Based on our 7iD customer base—which is approximately 28

In implementing growth strategies, it is vital to create an organization that promotes both individual and corporate growth.

We focus on raising employee awareness, developing human resources, and increasing engagement with the aim of instilling an innovative mindset in all employees.



million members strong—we aim to develop new, integrated “retail + finance” services closely linked to customers' lives, such as settlement and credit services for purchasing activities and asset management from a retail perspective, through both real and digital marketing activities, while combining the assets of both bank and non-bank businesses.

Regarding FY2025 financial goals, we aim for an ordinary income of ¥250 billion instead of the ¥170 billion originally planned, and we have adjusted our ordinary profit target from ¥35 billion to ¥45 billion. With the goal of striking a balance over the medium to long term between growth investment and capital efficiency, we

will continue to aim for an ROE of 8% or higher and a payout ratio of 40% or higher. We will implement various functional enhancements to ensure our mainstay domestic ATM platform business remains a stable income base. And, while constructing an optimally balanced business portfolio that includes domestic retail—which is expanding its financial service domain—as well as our overseas business, where we anticipate further growth, and corporate services, for which we are seeing an increasing need from society, we will work earnestly to achieve our financial goals for 2025.

Reinforce management foundation to support sustainable growth

In implementing such a growth strategy, we believe that cultivating an organization that promotes the growth of both individuals and the company is the single most important factor. We are focusing on elevating employee awareness, developing human resources, and encouraging engagement to instill an innovative mindset in all employees, using our company as a challenging field.

Take our internal EX10 program, for example, which is designed to encourage voluntary innovation activities. Under this program, employees use 10% of their work time to anticipate future contributions to the company or improve their skills, even in areas not directly related to their current endeavors. Moreover, “SEVENBANK Academia” helps employees to themselves develop an

TOP MESSAGE

innovative mindset, and the activity is designed to connect with external communities and obtain methods for new business creation. Through these and other initiatives, we will sustain our human, organizational, and corporate transformation.

Meanwhile, with the establishment of the Data Management Office (DMO), the creation of a culture and foundation for the everyday utilization of data is taking root. It has grown into a community of more than 200 participants. Moreover, we are participating in the Financial Data Utilizing Association (FDUA) to deepen external collaboration on AI and data utilization, to acquire skill sets, to heighten individual awareness, and to reform the business model itself. In terms of business, through the accelerator program for creating new businesses, we will promote open innovation by deepening cooperation with startups and other industries.

Promoting sustainability for the environment and society

I have been a member of Seven Bank since it was founded, and have been deeply involved in its growth to date driven by its ATM-based business model. Up to now, I have realized we are fortunate to receive incredible support from a wide variety of stakeholders, ranging from group companies, partner financial institutions and operating companies to firms involved in ATM development and operation, and open innovation partners.

In FY2019, we identified and selected five material issues and are pushing forward with company-wide efforts to achieve sustainable growth. We believe that collaboration with our diverse group of stakeholders is essential to solving social issues through our core business.

For example, in Materiality 1—“Offer a safe and secure settlement infrastructure”—we work with our partners that support ceaseless ATM operations; in Materiality 2—“Create a lifestyle through new financial services”—we work with five organizations that have registered as recipients of donations via ATMs; and in Materiality 4—“Reduce the environmental burden”—we work with various companies to resolve larger-scale social issues, including a manufacturer that developed a new ATM model that lowers power usage by 40% and a business that recycles approximately 100% of ATMs.

These efforts cannot be immediately reflected in the top line of the balance sheet, but these activities themselves are a part of our culture and will lead to the fulfillment of our Purpose, so we will spare no effort in promoting these activities.

I often talk about “empathy” with our employees. There are two types of empathy; cognitive and emotional, with the former defined as viewing things from the standpoint of others and the latter referring to the perception of the feelings of others as one’s own. Utilizing them in a balanced way should lead to the creation of products and services that go beyond the wishes of our customers and lead to the birth of a new tomorrow.

Together with our diverse group of stakeholders, we will continue to implement business activities with a focus on environmental and social sustainability, thereby contributing to the achievement of the United Nations’ Sustainable Development Goals (SDGs).

I regard our company as something of a tech startup. This is because of our desire to discard previous successes, question the conventional wisdom, and make changes in the world. We hope to utilize ATMs, an unparalleled element of the social infrastructure, to promote digital transformation (DX) across the breadth of society and deliver convenient, safe, and unique financial services to the approximately 22.2 million customers who visit each of the Seven & i Group’s branches in Japan on a daily basis.

In addition to the aforementioned aspirations, by executing specific strategies in line with the updated Medium-Term Management Plan, we will continue to work toward fulfilling our Purpose, aiming to put our second stage of growth on track and achieve further sustainable growth and higher corporate value.

VALUE CREATION

Seven Bank’s Value Creation

We create new value by aiming to fulfill our Purpose, recognizing changes in society as an opportunity, and responding to diversifying customers’ needs

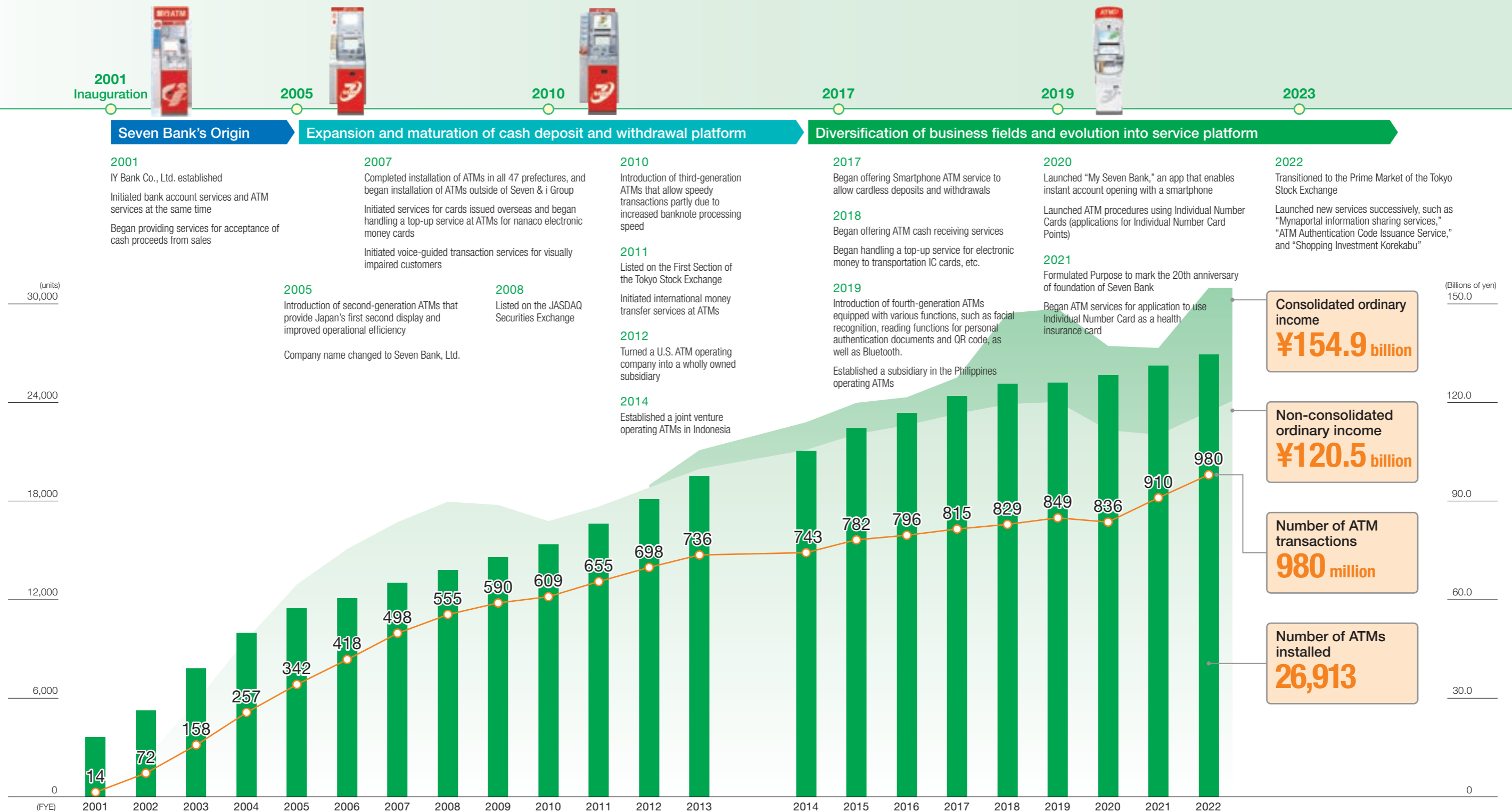
Seven Bank's History

ATMs located close-by will be commonplace in people's daily lives

"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."

We have grown into playing a role as part of the social infrastructure with more than 27,000 ATMs in 47 prefectures in Japan, as of July 31, 2023, used by some 2.68 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 the promotion of business field diversification while ATMs, our key asset, continue to be positioned as the center of our operations.

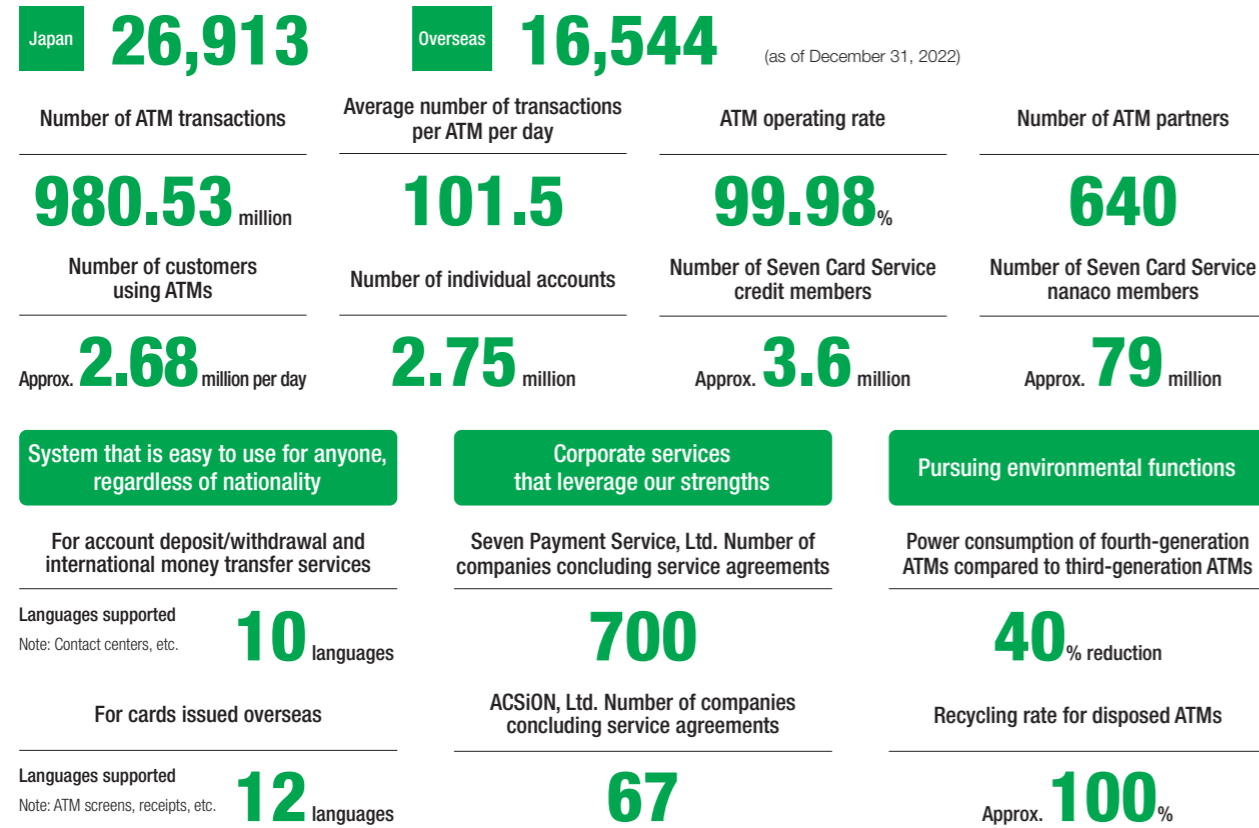


*QR code is a registered trademark of DENSO WAVE INCORPORATED.

Seven Bank Group in Terms of Numbers

Unless specifically stated otherwise, figures are as of fiscal 2022 or March 31, 2023.

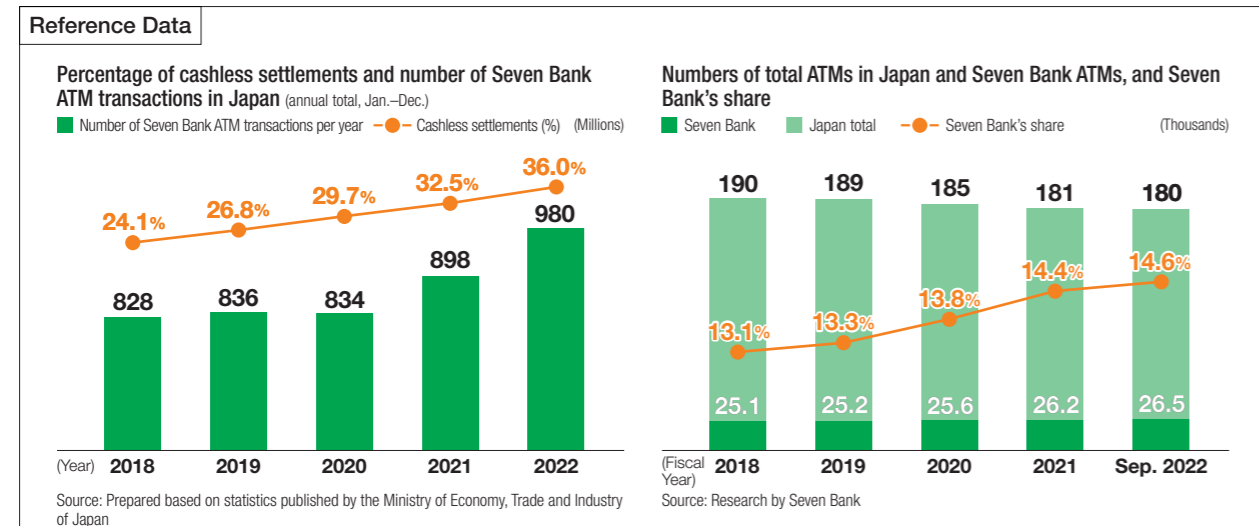
Number of ATMs installed



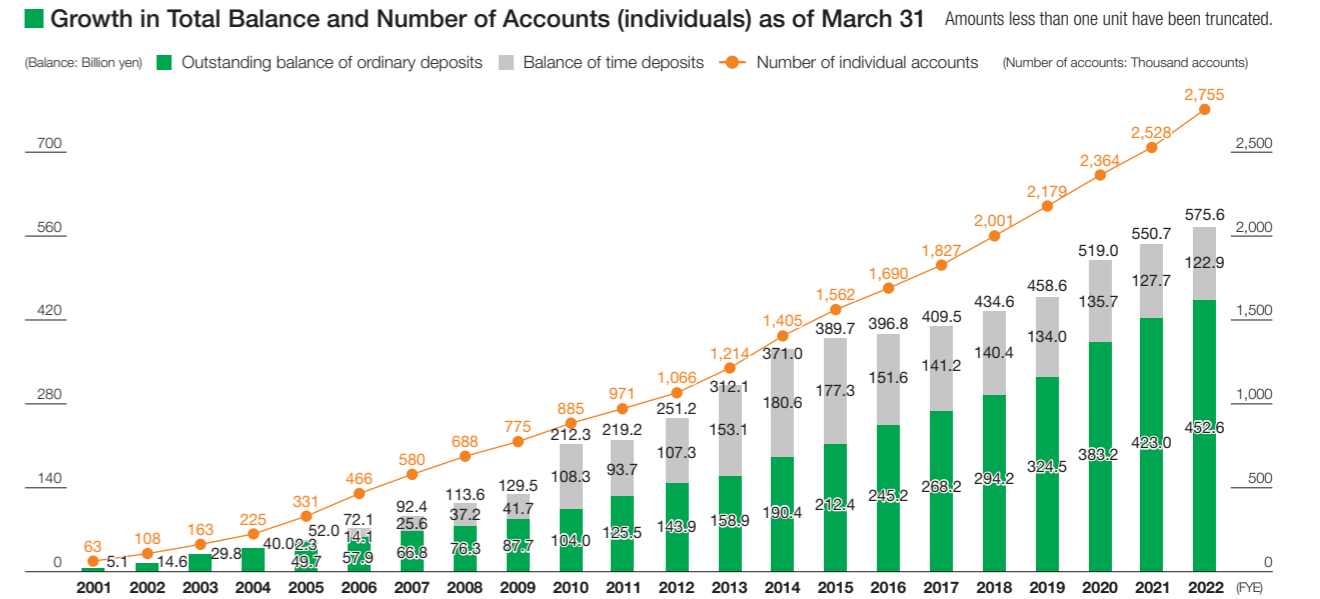
Promoting active participation of diverse human resources



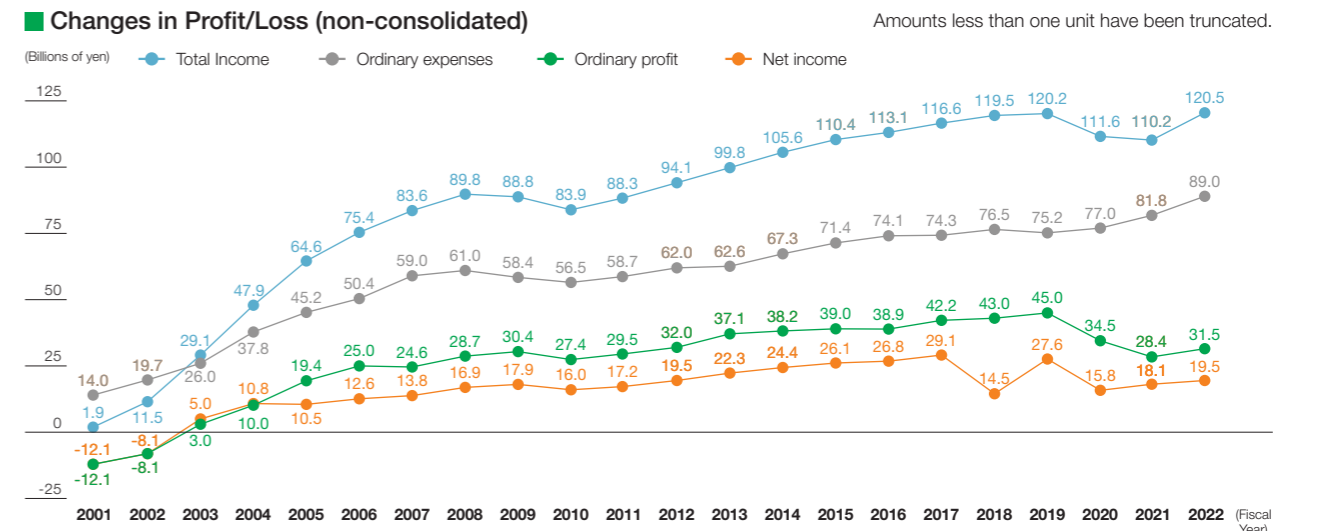
*1 Ratio of employment of persons with disabilities as of April 1, 2023
 *2 The number of employees who took childcare leave in fiscal 2022 including contract workers
 *3 Ratio of female managers is calculated based on management positions (Senior Officer, Officer, Assistant Officer), excluding those seconded from the Bank to external companies.



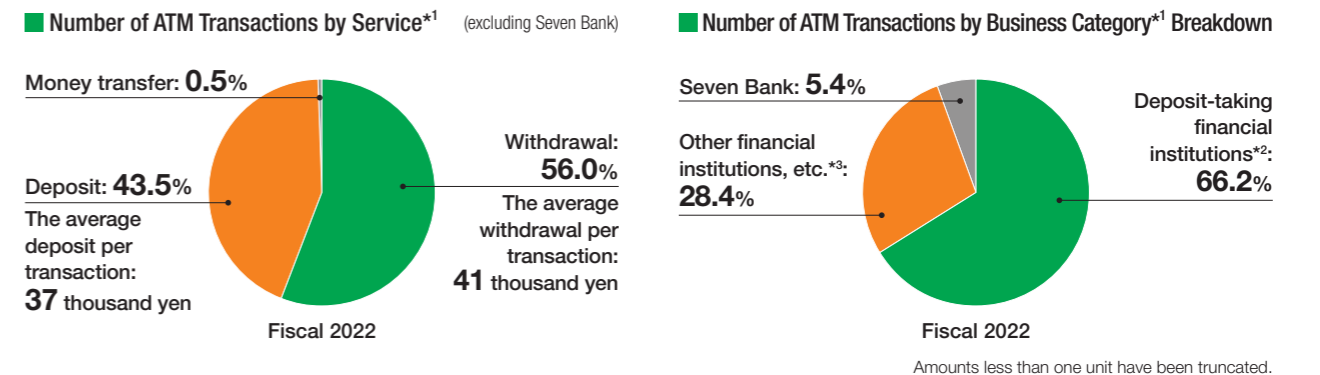
Growth Trajectory of Seven Bank's Accounts (individuals)



Financial Highlights



Use of Seven Bank ATMs



*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.

Seven Bank's Competitive Advantage

Since its founding in 2001, Seven Bank has positioned the ATM services as a pillar of its operations and worked to expand its ATM network and achieve multifunctional ATMs. We have never loosened the reins while the economic environment and social conditions have been changing greatly but have pursued ATM services that are useful for customers. This persistent efforts have led to the realization of our ATM network, which has the second largest scale in Japan on a unit basis. We are proud that such persistent efforts support the convenience and overwhelmingly competitive advantage of our ATM network.

ATM services that constantly evolve

ATM as social infrastructure



We have ATMs at Seven & i Group stores, including 7-Eleven, as well as airports, stations, commercial facilities, and tourist locations. At the present, more than 27,000 Seven Bank ATMs operate in all the prefectures in Japan 24 hours a day, 365 days a year, in principle.

ATM as service platform



With the increasing prevalence of cashless payment, the development of services that offer values in addition to cash deposits and withdrawals is under way. Seven Bank will offer various solutions sought by customers and businesses by providing its highly functional ATMs as service channels and combining them with highly specialized services owned by its Group companies.



ATM that facilitates DX

Leveraging our nationwide ATM network, we are expanding initiatives to improve both the convenience of customers and operating efficiency of businesses through collaboration especially with startup companies and administrative agencies. Utilization of Seven Bank's ATMs, which enable personal authentication with ease and safety, will help to increase customer satisfaction and reduce administrative costs incurred by financial institutions.



ATM that contributes to solving social issues

Seven Bank is promoting various initiatives through its ATMs in an effort to realize a sustainable society. We have been realizing our customers' wishes to see such ATM services as a top-up service for regional digital currencies to facilitate regional revitalization, ATM fund-raising service to enable easy fund-raising through ATMs, a multilingual service to provide convenience for tourists from overseas and non-Japanese residents, and deployment of mobile ATMs to areas afflicted with disasters or other crisis.



Drivers of further growth

Financial business by one of the largest retail groups in the world



Roughly 22.2 million customers visit Seven & i Group stores in Japan every day (fiscal year ended February 28, 2023). We utilize this Group's customer base to develop and provide unique financial products and services for the convenience of our customers. Toward demonstrating further group synergies, we offer new services that integrate retail and finance to create new values that connect us with our customers in their daily lives.

Knowledge and know-how for AI and data utilization



Seven Bank has worked on the utilization of AI and data from early on and has already utilized the technologies to improve its operating efficiency, such as sophisticating cash management procedures on the ATMs, automatically arranging inquiries sent to the Call Centers, and determining the installation of ATMs in Indonesia. We established the Data Management Office (DMO) and will pursue initiatives such as strengthening the building of awareness inside the Bank and engaging in data business, which is expected to provide a revenue opportunity.

Top-class corporate services in the industry



The environment surrounding the financial industry is changing dramatically. We provide high quality corporate services to respond to the various needs of financial institutions and administrative agencies by combining 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.

Active participation of diverse human resources



More than 80% of employees at Seven Bank are mid-career employees with highly diverse backgrounds including finance, IT, and retail. We are seeking broad-minded communication through various opportunities to leverage experiences, skills, and networks of such employees with diverse backgrounds and help them to contribute to the implementation of the Seven Bank Group's Purpose.

World-class ATM operation



Toward realization of the non-stop ATM, collaboration with partner companies with highly specialized skills is required in developing main ATM units, establishing system building, responding to ATM outages, and providing security for machines and guarded transport. ATM Call Centers monitor our ATMs 24 hours a day, 365 days a year. In the event of any problems, we quickly respond to ATM outages. As a result, our ATMs are able to achieve a 99.98% operating rate.

Foster a mindset geared to innovation



Aiming to establish a corporate culture of open innovation particularly through the promotion of coordination with outside companies and cross-organizational projects, we have established a dedicated department to work on both the building of awareness within the Bank and creation of new business opportunities. In particular, we are focusing on coordination with startup companies to have an opportunity for exploring new business fields.

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 promote initiatives that lead the second stage of growth as well as to

strengthen our management foundation to support long-term growth, for further enhancement of our corporate value. leveraging our strengths and solving social issues through our core business. strengthening our management foundation to support long-term growth, for further enhancement of our corporate value.

Value Creation Cycle for
Create a better version of daily life by

fulfilling the Purpose
going beyond the wishes of our customers.

Future image envisioned through fulfillment of the Purpose

Environmental changes and 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

Offer a safe, secure settlement infrastructure

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

Create a lifestyle through new financial services

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

Create a society where everyone can be active

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

Reduce the environmental burden

- Increase in the number of non-Japanese persons working in Japan
- Financial services necessary for the foundation of daily life of non-Japanese residents

Realize multicultural symbiosis

Input (capital)

Financial capital

- Solid financial base**
Consolidated net assets: **¥254.2 billion**
- Steady management**
Consolidated ordinary profit: **¥28.9 billion**

Human and intellectual capital

- Active participation of diverse human resources**
Creating HR-focused systems
Ratio of mid-career employees: **83.1%**
- Promoting corporate transformation**
Establishment of Data Management Office (DMO)
Creating a community that is a source of innovation

Social and relational capital

- Nationwide network**
Number of ATM partners: **640**
Corporate customers: more than **1,800** companies
- Seven & i Group's customer base**
7iD membership: Approx. **28 million***
nanaco membership: Approx. **79 million**

Manufacturing capital

- More than **27,000** ATMs throughout Japan, operating as a social infrastructure **24** hours a day, **365** days a year, in principle

Natural capital

- Pursuing environmental burden reduction**
Power consumption of fourth-generation ATMs (compared to third-generation ATMs): **40%** reduction
Recycling rate for disposed ATMs: approximately **100%**

Business activities

Value Creation Cycle for
Create a better version of daily life by

Initiatives leading sustainable growth

- Solving social issues through our core business
- Corporate transformation for innovation

ATM platform business

Provide diverse services through more than 27,000 ATMs throughout Japan

Vision

A unique bank that offers convenience, reliability and trust

Domestic retail business

Provide unique financial services to support the daily lives of customers

Domestic corporate business

Provide corporate services with bank-quality reliability and enhanced convenience

Overseas business

Expand and enhance ATM services overseas

Management foundation that supports sustainable growth

- Establishing an organization that respects human rights and leverages diversity
- Fulfilling public mission and social responsibilities as a bank

Output

Ordinary income **¥154.9 billion**

ROE **7.6%**

Number of ATM transactions per year **980 million**

Number of individual accounts **2.75 million**

Ratio of female managers **18.4%**

Improvement of operating efficiency by RPA
Equivalent to **eight** operations or more than **6,000** hours annually

Development of apps by employees (citizen development): **25** cases

CO₂ emissions from ATMs (compared to March 31, 2019) **14%** reduction

Outcome

Realize an ATM+ world

- Utilize ATMs as nationwide access terminals
- Build a service platform utilizing multifunction ATMs
- Utilize ATM network worldwide

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

Accelerate business diversification

- Create a lifestyle through financial services unique to retailer
- Offer financial services for non-Japanese residents and tourists from overseas
- Create new customer experience value through group synergies
- Provide corporate services with enhanced quality in both reliability and convenience

Provide financial services necessary for every person's life safely, easily, and seamlessly

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

Impacts

Society with a diverse range of choices

Easy-to-live daily life

A world in which no one is left behind

Sustainable global environment

*As of February 28, 2023

Concept of Sustainability

Toward realization of sustainable growth

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 birth-rate and aging society, and frequent occurrence of abnormal weather caused by climate changes. In light of such a situation, Seven Bank positioned "contribution to solving social issues" as an essential element for sustainable growth of the Seven Bank Group and one of its growth strategies in the Medium-Term Management Plan, which started in 2021, and placed this objective at the core of its management strategies. Aiming to be a provider of social infrastructure capable of meeting broad-ranging needs beyond the framework of financial services through resolution of diversifying social issues as well as new value creation, we are implementing various initiatives.

2021-2030 <The next decade> Realizing a sustainable growth through both CSV (material issues) 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.

Structure building	2021 Formulated Basic Sustainability Promotion Policy Changed the name of "CSR Environment Committee" to Sustainability Committee Endorsement of TCFD recommendations	2022 Set KPIs of material issues Reviewed the Code of Conduct Clarified the human rights policy
Resolution of environmental/social issues through business activities	2021- Initiated fund-raising service through ATM Launched Seven Bank Post Payment Service	2022- Launched Mynportal information sharing services Launched Shopping Investment "Korekabu"
Social & local community contribution activities	2021 Held a workshop on environmental and social issues (Increase employees' awareness)	2022 The Seven & i Group participated in EcoPro Restarted the forest conservation activities by employees

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.

Structure building	2012 Established "CSR Environment Committee"		2019 Designated five material issues	
Resolution of environmental/social issues through business activities	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)
Social & local community contribution activities	2011- Started social contribution activities through a Bonolon cash card (donated Bonolon picture books to children's centers)		2019- Participated in Kids Festa	

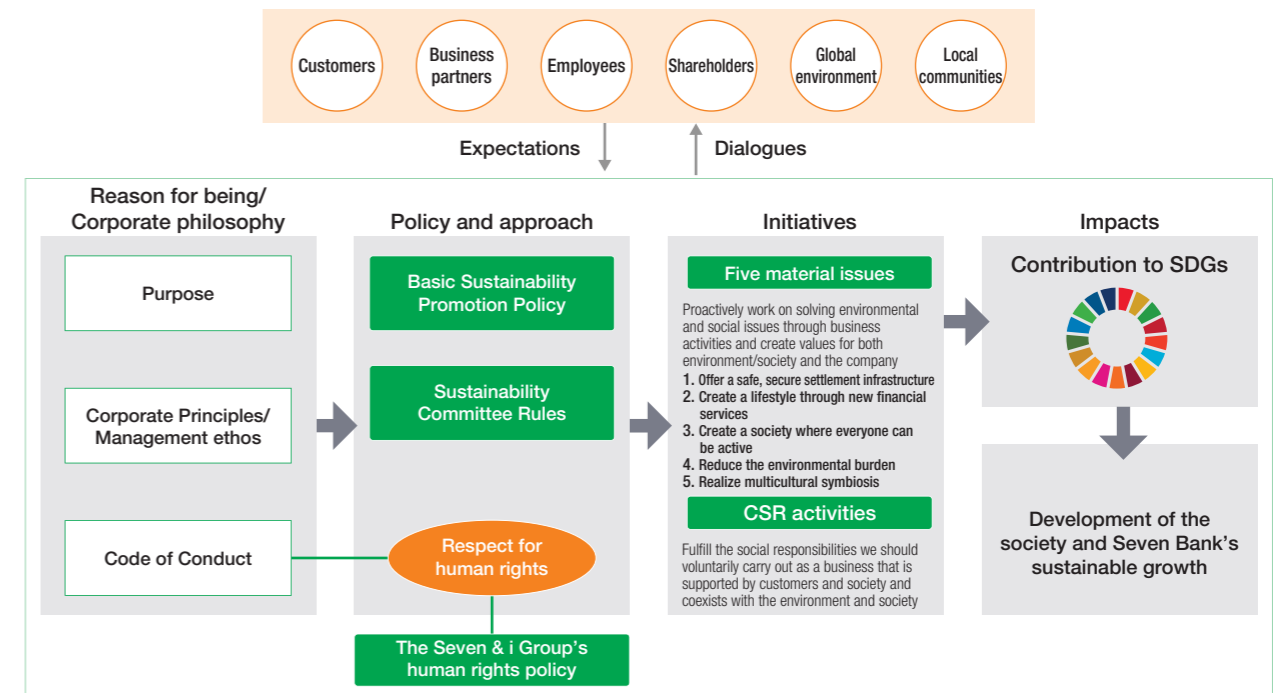
2001-2010 <the initial decade> To be a company that can realize a sustainable society

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."

Structure building	2007 Established "CSR Policy"	
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)
Social & local community contribution activities	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"

Development of Seven Bank's sustainability activity

Since its foundation, although the word "sustainability" was not used, the Seven Bank Group has conducted corporate activities, pursuing both social/environmental values and business activities, based on "Corporate Principles," "management ethos," and "Code of Conduct." The Purpose formulated in April 2021 clarified what the existence of Seven Bank is for and what values we should hold most dear. With all the employees holding a common conviction, we accelerate the speed of sustainability promotion and endeavor to create new social values.



Sustainability promotion structure

The Sustainability Committee formulates policies on sustainability and deliberates the appropriateness and validity of important matters. A system has been put in place such that the policies and important matters are referred to and reported to the Executive Committee and the Board of Directors, allowing the top management members to supervise them. The Sustainability Committee is made up of diverse members including external experts and is held approximately three times a year.



Major agendas at the Sustainability Committee (FY2022)

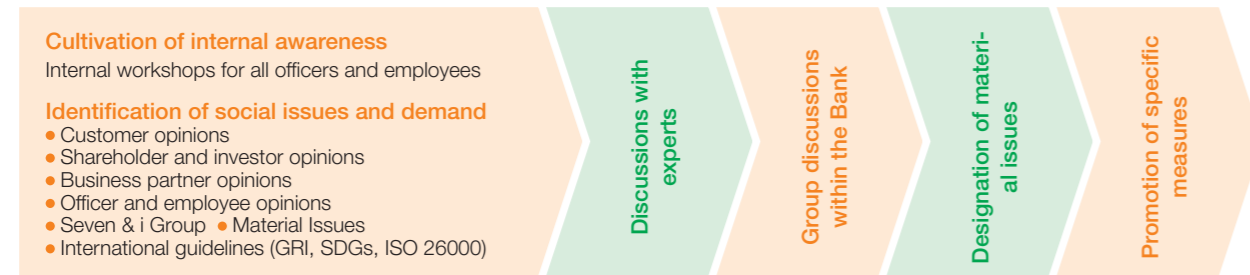
Meeting dates	Activities
Jul. 2022	<ul style="list-style-type: none"> Initiatives for reducing CO₂ emissions Report on CO₂ emissions in FY2021, and use of renewable energy
Oct. 2022	<ul style="list-style-type: none"> KPIs of material issues Considered establishing human rights policy Cases of human capital in other companies
Jan. 2023	<ul style="list-style-type: none"> Evaluated the impact of climate change-related risks and opportunities on the business and countermeasures Set KPIs of material issues
Mar. 2023	<ul style="list-style-type: none"> Summarization of FY2022 sustainability activities Plans for FY2023 sustainability activities

Concept of Sustainability

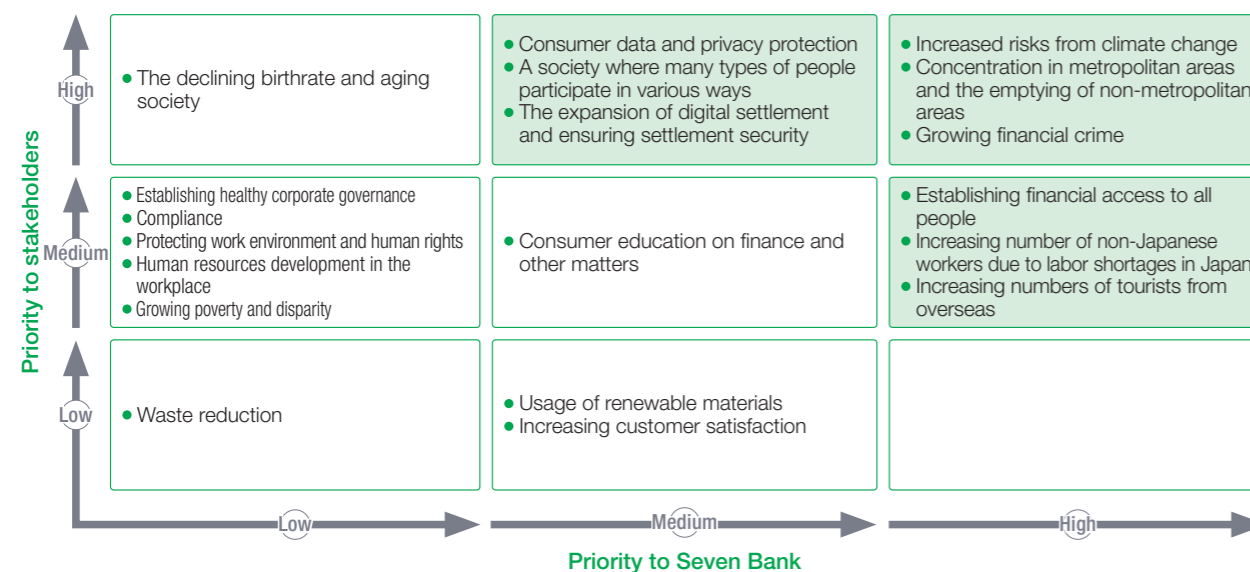
Five material issues

The Seven Bank Group designated five material issues in 2019. Through means such as workshops on SDGs attended by all officers and employees, surveys of shareholders and investors, looking at social demand, and lectures and discussions which included experts, we identified several potential issues. Based on these activities, several discussions were held involving the management team and employees to narrow down the issues and select themes based on degree of priority.

Process for identifying materiality (material issues)



Social issues and changes Seven Bank should prioritize



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



Material issues and KPIs

Materiality	Impacts	Long-term goals	Outcome indicators	Major initiatives in FY2022
Material Issue 1 Offer a safe, secure settlement infrastructure	Easy-to-live daily life A world in which no one is left behind	Seven Bank will fulfill the role of providing every customer, through equal opportunity, with a social infrastructure which can be used anytime, anywhere with safety and security, as part of every customer's daily life.	<ul style="list-style-type: none"> Maintenance and stable supply of financial services with high quality and heightened security Contribution to eradication of financial crimes in the society Equal opportunity for access to financial services 	<ul style="list-style-type: none"> ATM operating rate: 99.98% Increased companies which have introduced Anti-phishing service, expanded clients which have installed personal authentication service (proost) Improved ATM usability, changed sound, and implemented measures against forgetting to take out banknotes
Material Issue 2 Create a lifestyle through new financial services	Easy-to-live daily life A world in which no one is left behind Society with a diverse range of choices	In anticipation of diversifying customers' needs, Seven Bank will develop fresh and unique services beyond the bounds of finance and create new value.	<ul style="list-style-type: none"> Provision of new services beyond the traditional bounds of finance and improvement of convenience 	<ul style="list-style-type: none"> Launched ATM procedures to accept the 2nd application for Individual Number Card Points Launched Mynportal information sharing services at ATMs (the first of its kind in Japan) Launched services to accept applications for account opening/closure at ATMs (the first of its kind in Japan) Launched retail financial business: Shopping Investment "Korekabu" service
Material Issue 3 Create a society where everyone can be active	Easy-to-live daily life A world in which no one is left behind Society with a diverse range of choices	Seven Bank will create opportunities and maintain a working environment where diverse human resources can play active roles regardless of gender, age or nationality. Seven Bank will realize the development of employees' autonomous skill and their career formation, aiming for sustainable growth of individuals and the Bank. Seven Bank will create a safe and secure workplace environment and work on health care to help ensure every employee's mental and physical health and the ability to actively and energetically participate.	<ul style="list-style-type: none"> Transformation of organizational culture for the promotion of diversity and inclusion Active investments for the sustainable development of employees' abilities Initiatives to provide health care for employees and promote their health 	<p>Focused on human resources recruitment/development that support the second stage of growth of the Bank</p> <ul style="list-style-type: none"> Ratio of female managers: 18.4% (target 30% at the end of FY2025) Engagement increased Integration of human resources data and introduction of analysis system <p>Human resources development [Humanity/Build relationships] [Challenge and Growth]</p> <ul style="list-style-type: none"> (Increase relationships) Training sessions on communication (30 participants) (Persons in the same job classes talk together) Training sessions held by job class (400 participants) Total number of letters of thanks (2,782) Conducted internal recruitment and internal internships
Material Issue 4 Reduce the environmental burden	Easy-to-live daily life Sustainable global environment	In cooperation with the Seven & i Group companies, Seven Bank will reduce CO ₂ emissions and implement various initiatives with global environment protection in view.	<ul style="list-style-type: none"> Contribution to reducing CO₂ emissions Environmental conservation activities for increasing employees' awareness 	<p>Reducing CO₂ emissions</p> <ul style="list-style-type: none"> Introduced renewable energy at the Data Center and Marunouchi headquarters to reduce CO₂ emissions Replacement with fourth-generation ATMs (a total of 13,419 units were replaced with the latest ATMs) to reduce CO₂ emissions Promotion of online account closure <p>Increasing awareness of environmental conservation</p> <ul style="list-style-type: none"> A field trip to the ATM recycling site participated by all officers and employees Environmental conservation activities at Takaonmori Nature School, and the Seven & i Group participated in EcoPro
Material Issue 5 Realize multicultural symbiosis	Easy-to-live daily life A world in which no one is left behind	Seven Bank will provide financial services which even non-Japanese persons can easily access, and realize a society which is easy for every customer to live in regardless of nationality.	<ul style="list-style-type: none"> Development, proliferation, and promotion of financial services for non-Japanese persons 	<ul style="list-style-type: none"> Turned VIVA VIDA MEDICAL LIFE CO., LTD., which offers insurance products for non-Japanese residents, into a subsidiary of Seven Bank to support comprehensive financial services for them in Japan Facilitated recognition of the services for non-Japanese residents by increasing the sophistication of multilingual marketing via social media and promoting sales face-to-face or non-face-to-face

Concept of Sustainability

■ To ensure that no one is left behind

As a good corporate citizen moving forward together with society, in addition to pursuing initiatives through its business activities, Seven Bank proactively engages in social contribution activities in close communication with society to realize a sustainable society with diversity and inclusion where no one is left behind.

Initiative to publish “Mori no Senshi Bonolon” picture books and distribute copies of the books for free for future generations

Seven Bank has supported the initiative designed to publish “Mori no Senshi (Guardian of the Forest) Bonolon” picture book series and distribute copies of the picture books primarily at 7-Eleven stores, since 2005. Thanks to your support, the picture book series celebrated its 100th issue in December 2021. We have been able to continue our activities over a long period of time, as there is the voice of a reader ‘When I was a little kid, my parents read “Bonolon” to me, and now I read “Bonolon” to my kid.’

Seven Bank had a wish “We want to distribute picture books for free to children to avoid a situation where children cannot read books even though they want to” when it initiated this support, and so will continue to engage in fostering a healthy next generation in an effort to pass the wish to future generations.



The Seven & i Group participated in EcoPro



Copies of the picture book in which Bonolon is a main character who draws closer to a person in need and gently grants the person a wish are distributed free of charge on the 15th day of every even month.



Seven Bank President Matsuhashi and Nippon Broadcasting System President Hiwara

Audible traffic signals for the visually impaired

Seven Bank ATMs provide a voice guidance service so that visually impaired customers can access our ATMs. 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 from many customers through a variety of means including fund-raising at ATMs. As a result, we presented ¥5,641,317 in donations to the “48th Radio Charity Musicthon.”

Providing convenient places where anybody can participate in resolution of environmental and social issues

Seven Bank started a service for fund-raising through ATMs in 2021 to allow anybody to participate in the resolution of environmental and social issues through its ATMs serving as a bridge. This service is used by many customers because you can participate in fund-raising through the ATM as if you threw cash directly into a “donation box” of a recipient rather than transferring money. In FY2023, we have made the fund-raising service available at all the Seven Bank ATMs nationwide and have increased organizations to which you can donate through the ATMs. Seven Bank will continue to pursue initiatives to solve environmental and social issues together with its customers.



Image of ATM screen

Organizations to which you can donate (as of July 31, 2023)
 Seven-Eleven Memorial Foundation, Japan Committee for UNICEF, Médecins Sans Frontières Japan, Japanese Red Cross Society, World Wide Fund for Nature Japan *Organizations to which you can donate through the ATMs are subject to change. Please check the ATM display when you donate.

Multilingual ATM service that assures peace of mind 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

GROWTH STRATEGY

Seven Bank's Growth Strategy

Recognizing itself in the phase of its second founding, designing a strategy for further growth and forging a path to it, Seven Bank is implementing its Group-wide initiatives to realize sustainable growth and improve corporate value

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

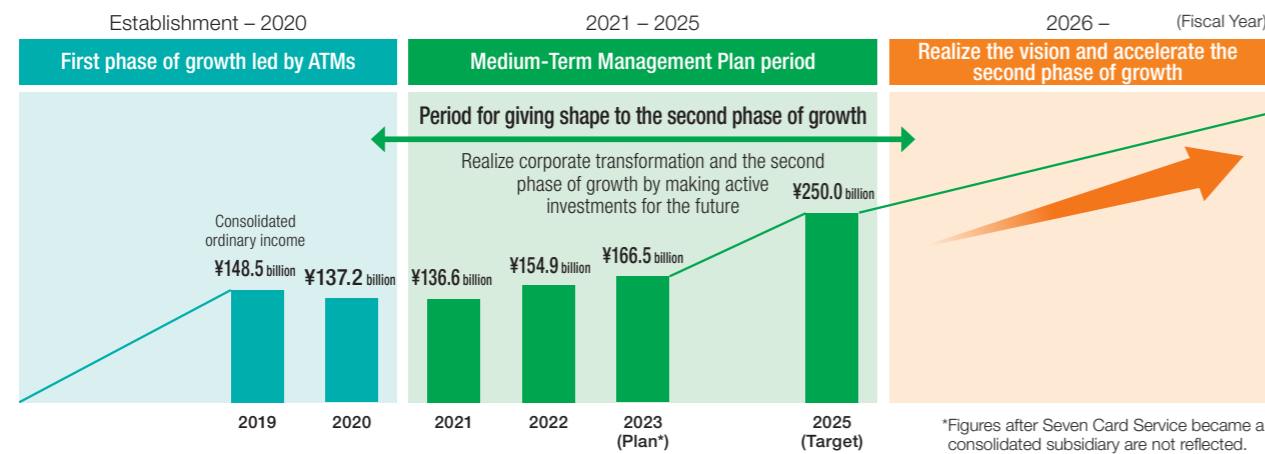
In our Medium-Term Management Plan, which we launched in fiscal 2021, we position the five years through fiscal 2025 as the period for giving shape to our second phase of growth. As a unique bank that succeeds in being close-by, convenient, reliable, and secure, we will continue taking on the challenge 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 rowspan="2">Growth</td> <td>Retail strategy</td> </tr> <tr> <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



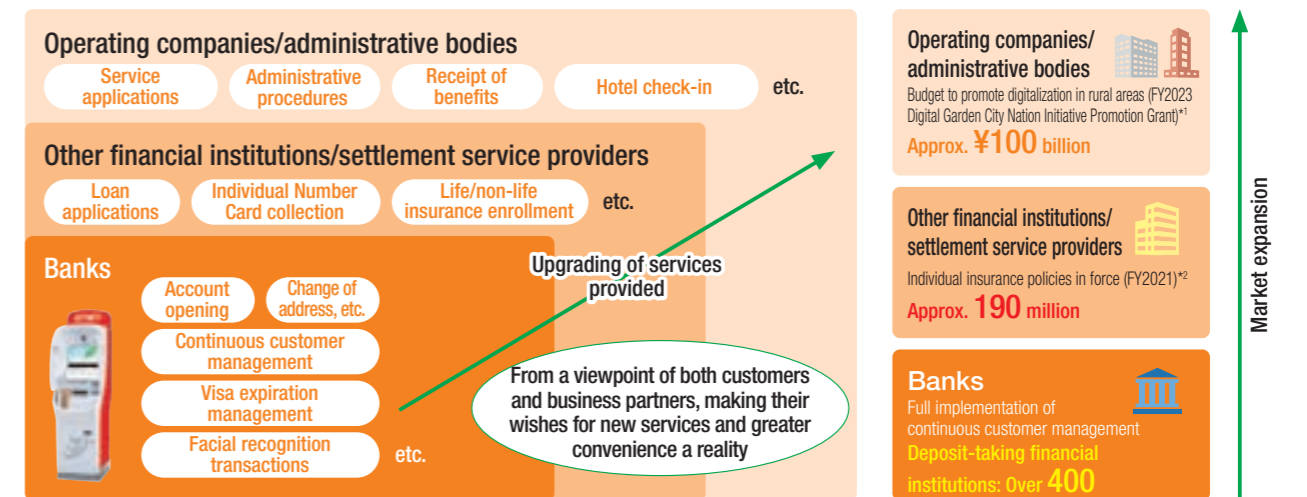
Progress in FY2022

	Achieved	Issue										
Growth strategy	<table border="1"> <tr> <td>Core</td> <td>ATM platform strategy</td> <td>Growth in transactions and ATMs installed due to the return of human traffic</td> </tr> <tr> <td rowspan="3">Growth</td> <td>Retail strategy</td> <td>Steady growth in accounts, deposits, and loans through a variety of marketing initiatives</td> </tr> <tr> <td>Corporate strategy</td> <td>Steady growth in partner companies and increased revenues through the deployment of services that meet customer needs</td> </tr> <tr> <td>Overseas strategy</td> <td>The number of ATMs installed expanded, particularly in Asia. Steadily growing into the Company's second earnings pillar</td> </tr> </table>	Core	ATM platform strategy	Growth in transactions and ATMs installed due to the return of human traffic	Growth	Retail strategy	Steady growth in accounts, deposits, and loans through a variety of marketing initiatives	Corporate strategy	Steady growth in partner companies and increased revenues through the deployment of services that meet customer needs	Overseas strategy	The number of ATMs installed expanded, particularly in Asia. Steadily growing into the Company's second earnings pillar	<ul style="list-style-type: none"> Realize an ATM+ world Further earnings growth Each company's return to profitability Improved profitability in the U.S.
	Core	ATM platform strategy	Growth in transactions and ATMs installed due to the return of human traffic									
	Growth	Retail strategy	Steady growth in accounts, deposits, and loans through a variety of marketing initiatives									
		Corporate strategy	Steady growth in partner companies and increased revenues through the deployment of services that meet customer needs									
Overseas strategy		The number of ATMs installed expanded, particularly in Asia. Steadily growing into the Company's second earnings pillar										
Contribution to solving social issues	<ul style="list-style-type: none"> Launch of new sustainability promotion structure Progress in company-wide efforts to resolve social issues through our main business 	<ul style="list-style-type: none"> Group-wide efforts to address climate change and collaboration with business partners 										
Corporate transformation	<ul style="list-style-type: none"> Fostering a mindset geared to innovation and increasing the engagement of individual employees Proactively using AI and data to enhance productivity 	<ul style="list-style-type: none"> Developing and utilizing independent human resources Undertaking corporate transformation that contributes to earnings 										

In fiscal 2023, we will make steady progress in new businesses that will drive our second phase of growth and promote further diversification. We will seize upon social transformation as an opportunity with the aim of realizing services that go beyond the wishes of our customers and take on a variety of challenges that transcend industry norms, which will lead to the sustainable growth of Seven Bank.

Evolution to ATM as a service platform

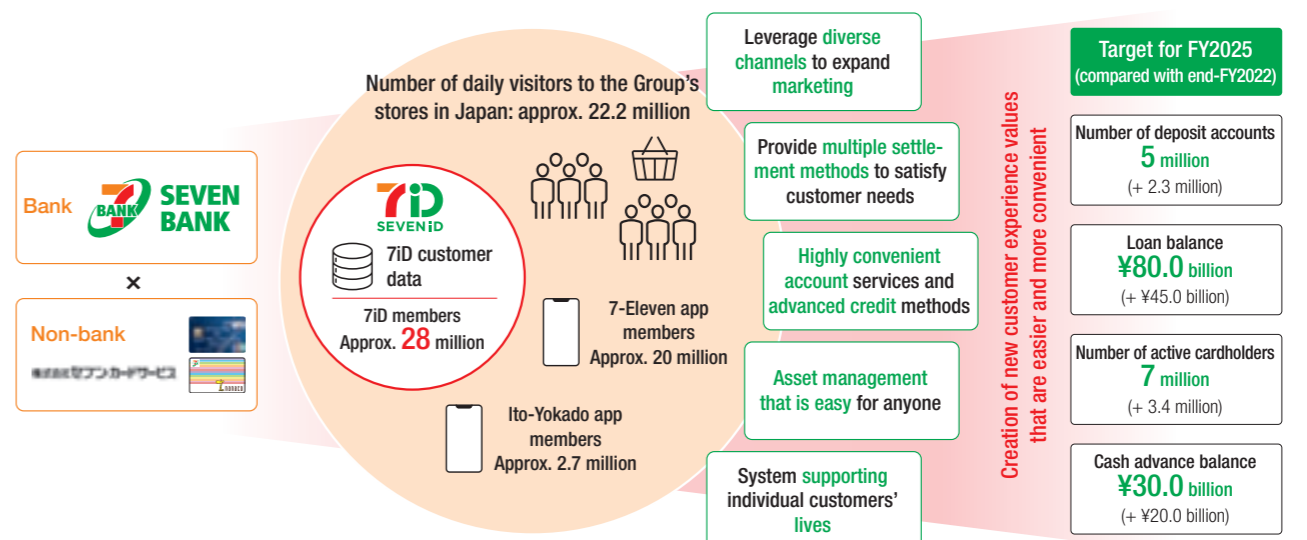
Multifunctional, high-quality fourth-generation ATMs, which the Company began introducing in 2019, can satisfy a wide variety of customer needs beyond cash deposits and withdrawals. In principle, ATMs operate 24 hours a day, 365 days a year, enabling customers to perform necessary procedures at their convenience. We are working to create new value for ATMs by providing customers with “a nearby, easy, convenient, safe, and secure bank counter” and businesses with “a platform that supports enhanced customer contact points and DX strategies (streamlining).”



*1 Cabinet Office: Summary of FY2023 Draft Budget *2 The Life Insurance Association of Japan: Trends in Life Insurance 2022

Leveraging group synergies to upgrade retail business

On July 1, 2023, we welcomed Seven Card Service to the Seven Bank Group. This will enable a lineup of multiple means of settlement, operation, and procurement required by individual customers through an integrated promotion system, enabling easy, seamless, and prompt response to customers' wide-ranging needs. And the Seven & i Group's strength is that it has customers spanning a broad range of business categories, from convenience stores to specialty stores and supermarkets. While fully leveraging 7iD—the customer base of one of Japan's largest retail distribution groups—we will provide financial services that meet our customers' diversified needs easily, seamlessly, and promptly.



Message from the Chief Financial Officer



We will enhance our growth potential through precise management strategies and aggressive investment while improving capital efficiency to further increase our corporate value.

Ken Shimizu

Executive Officer
in charge of Planning Division
and SDGs Promotion

Our Approach to Financial and Capital Strategies

I am focusing on four key areas with regard to financial strategy: potential for growth, profitability, cash flow, and return on capital.

First, let's look at potential for growth. In FY2022, both consolidated and non-consolidated ordinary income and ordinary profit rose. Consolidated ordinary income was ¥154.9 billion and ordinary profit was ¥28.9 billion, while non-consolidated ordinary income totaled ¥120.5 billion and ordinary profit reached ¥31.5 billion. In particular, we were able to achieve strong growth—reaching record highs—in consolidated and non-consolidated ordinary income, thanks to an increase in ATM transactions sparked by the return of human traffic and overseas business expansion, particularly in Asia. It is our intent to maintain this growth potential well into the future.

Now I'd like to discuss "profitability." While top-line growth has been steady, ordinary profit growth has slowed in recent years, and the ordinary profit margin for FY2022 has fallen to 18.6%. We have, however, positioned the period of the current Medium-Term Management Plan as a period for realizing our second phase of growth, so we are not concerned about the profit margin, as it is the result of our willful and aggressive investment for the future. Although we expect that the

acquisition of Seven Card Service will result in a decline in the profit margin, we must not allow it to decline too far, as we believe it is necessary to maintain a certain level. While closely monitoring the profit margin of each business segment and subsidiary, we will strive to maintain the current level of the Group's overall profit margin, and hope to improve it to the extent possible.

Turning to "cash flow," we will strategically allocate cash to shareholder returns, growth investment, and retained earnings, while being conscious of the need to expand it as much as possible. The key to efficiently generating as much cash as possible is to improve our profitability, or earning power, so we will continue growth investment to achieve the highest possible ROI while controlling costs.

Turning now to "return on capital," we are cognizant of ROE. ROE in FY2022 was 7.6%. Since we recognize that the current cost of shareholders' equity is in the low-to-mid 5% range, we have achieved an ROE above that level. However, our financial target for ROE is 8% or more, so we will first work to improve ROE—primarily by increasing profit—so we can reach and then slightly exceed our target.

Solid Financial Base

Of our total assets of ¥1,312.2 billion, approximately 70% is accounted for by cash and due from banks, the majority of which is cash for operating our domestic ATM business. We utilize deposits held in our accounts as cash to operate our domestic ATM business, and they generate revenue in the form of fees. Of these assets, ¥99.6 billion in securities are mostly required as collateral for interbank settlements and are, in principle, held until maturity. And the ¥98.2 billion in ATM-related temporary payments comprises temporary advances to our partner companies on behalf of our partner financial institutions.

We collect this money from each partner financial institution on the ensuing business day.

Thus, the Company's financial position is extremely stable, as it is less susceptible to changes in the environment—such as economic and financial conditions—and there is virtually no risk of a decline in assets.

Amidst these conditions, our capital adequacy ratio is 46.51%—rather high for a bank—and we intend to maintain our current rating while actively working to effectively use capital.

Consolidated Balance Sheet (as of March 31, 2023) (Billions of yen)

Assets		Liabilities and net assets	
Cash and due from banks	952.0	Deposits	820.7
Securities	99.6	Bonds	85.0
ATM-related temporary payments	98.2	Other liabilities	97.6
Other assets	162.4	Net assets	254.2
	1,312.2		1,312.2

ATM-related temporary advances 54.7

Capital Adequacy Ratio (consolidated, Japanese standard)

As of Mar. 31, 2023
46.51%

Credit Ratings (Long-Term)

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

Medium-Term Management Plan Update

On July 1, 2023, we made Seven Card Service a subsidiary. This resulted in the creation of a major earnings pillar other than the ATM platform business in Japan. Moreover, we have raised our domestic business ordinary income target for FY2025 from ¥125.0 billion to ¥187.5 billion, as we forecast maintaining our ATM platform business at over ¥100 billion even given the progress in cashless payments. In the overseas business, we have set a new ordinary income target of ¥62.5 billion—a ¥20 billion increase over the initial target—as the expansion of our ATM network in Indonesia and the Philippines has

been progressing steadily and we anticipate continued growth.

Given this, we have revised our consolidated ordinary income target for domestic and overseas operations combined upward from ¥170 billion to ¥250 billion, and consolidated ordinary profit upward from ¥35 billion to ¥45 billion. First, we will strive to achieve this goal, and also to augment it to the extent possible. We will continue to target ROE of 8% or more while working to further enhance capital efficiency.

Financial Goals

	Fiscal Year Ended March 31, 2022 (results)	Target for FY2025 (Current Medium-Term Management Plan)	New Target for FY2025
Consolidated ordinary income	154.9	170.0	250.0
Domestic business	123.4	125.0	187.5
(of which, ATM platform business)	104.0	100.0	105.0
Overseas business	31.5	45.0	62.5
Consolidated ordinary profit	28.9	35.0	45.0
EBITDA	48.4	60.0	80.0
ROE	7.6%	8.0% or more	8.0% or more

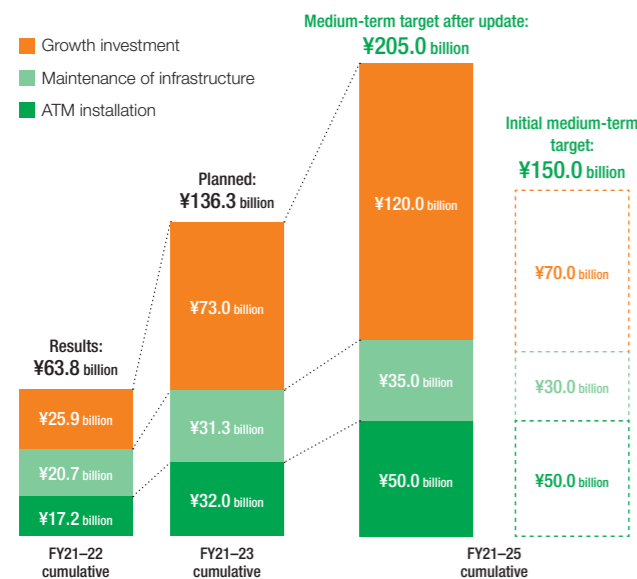
(Billions of yen)

Message from the Chief Financial Officer

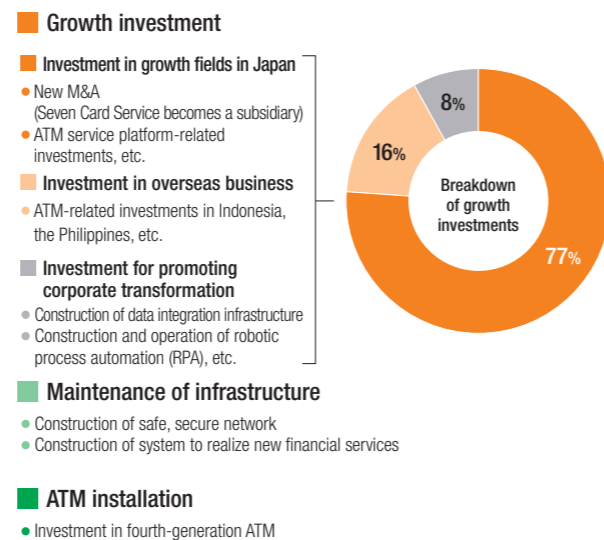
Investment Plans for Future Milestones

We have revised the investment plan in line with the updated financial targets of the Medium-Term Management Plan. Under the plan to invest a total of ¥150 billion over the five years from FY2021–FY2025, we have invested ¥63.8 billion through FY2022 and plan to invest another ¥140 billion over the next three years. This will result in the cumulative investment from FY2021–FY2025 potentially exceeding ¥200 billion. Not much has changed from the previously planned figures for infrastructure maintenance to ensure stable operation of the ATM network and banking systems, and ATM installation,

which primarily represents investment in fourth-generation ATMs. Meanwhile, growth investment is set at ¥120 billion, and will be expanded to include investments in areas of domestic growth such as development of ATM services as a service platform and retail financial business expansion, business investments overseas for expanding the ATM network in Indonesia and the Philippines, and investments in the promotion of corporate transformation to improve business efficiency and transformation, while monitoring investment effectiveness.



Major investment projects from FY2021–FY2023

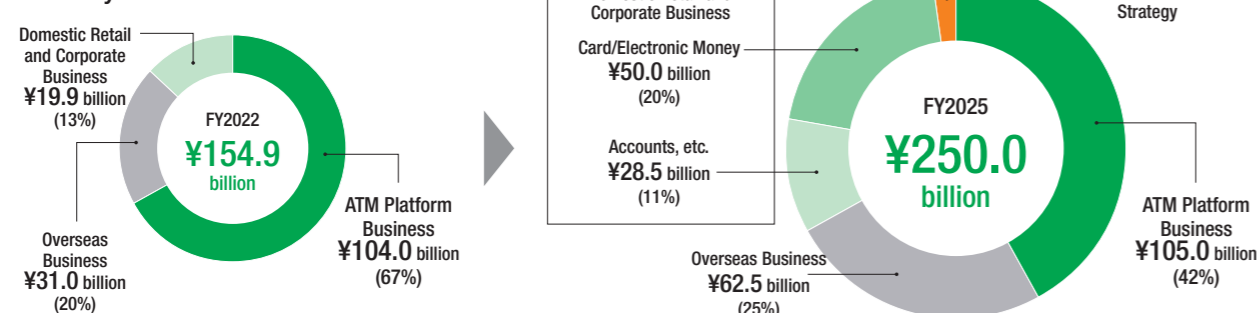


Transformation of Business Portfolio

The ideal way to construct a stable business portfolio is to combine multiple businesses with different profit cycles, risk/return, potential for growth, and cash flow while leveraging the company's strengths. For many years, our earnings had been generated solely by our domestic ATM platform business. With the addition, however, of Seven Card Service's credit card and electronic money businesses, in addition to our overseas business, and the expansion of Seven Bank's account business, we believe we will be able to construct a

business portfolio with multiple earnings pillars by 2025. In Japan, we intend to build a well-balanced business portfolio in terms of profit structure and geography by combining one-off businesses such as ATM business and settlement business such as credit cards with recurring revenue-type businesses such as loans, and overseas, by developing business in the U.S., Asia, and other regions.

Ordinary Income



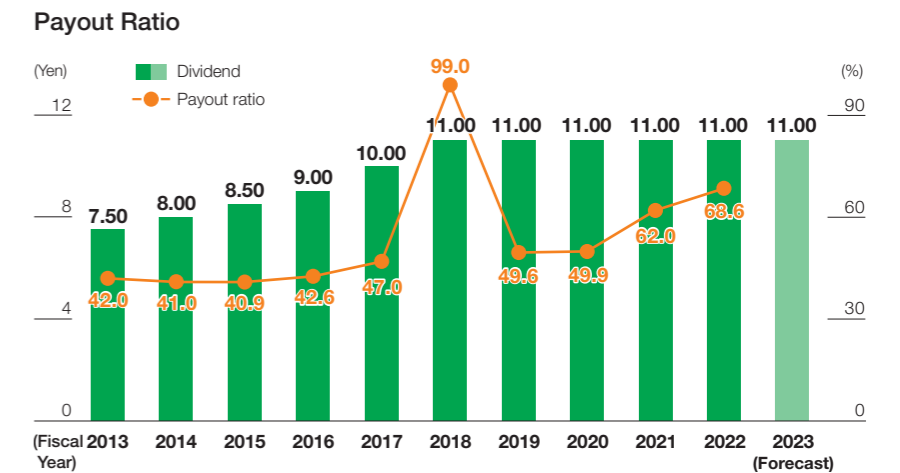
Shareholder Returns Focused on Actual Value

We will continue to work on returning profits to shareholders as we have, positioning it as a key management issue. As stated in our basic policy, our policy is to strive to enhance shareholder returns—with a focus on dividends—and we will continue to maintain stable,

continuous dividends through profit growth while balancing capital soundness and aggressive growth investment. We will also endeavor to sustainably boost dividends per share.

Basic policy

Maintain stable and continuous shareholder returns centered on dividends, backed by a firm financial foundation



Importance of Communication with Investors

We conduct about 100 investor meetings annually in the interest of providing accurate information on the Company's financial situation and management strategy, and to aid investors in gaining a more comprehensive understanding of our business activities and future growth. We are also attempting to boost our reputation on the stock market and enhance our corporate value by leveraging

investor feedback in our management and fostering even closer IR communication.

Moreover, we are reinforcing our information dissemination by proactively disclosing non-financial information related to sustainability—such as the Task Force on Climate-Related Financial Disclosures (TCFD)—on our website, in addition to our standard financial data.

Web

Our disclosure policy is posted on the following website:

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

Tools for Dialogue

- Distribution of 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)

Renewal of Seven Bank website



We renewed our website in April 2023. The site overall has been expanded, and provides easy access to corporate information and appealing content.

Financial and Non-Financial Highlights

Consolidated Financial Highlights

Amounts less than one unit have been truncated.			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Items on the Statement of Income:	Ordinary income	(Millions of yen)	94,965	105,587	114,036	119,939	121,608	127,656	147,288	148,553	137,267	136,667	154,984
	Ordinary expenses	(Millions of yen)	63,094	69,801	76,997	82,772	84,897	89,350	106,574	108,716	101,626	108,412	126,059
	Ordinary profit	(Millions of yen)	31,871	35,786	37,038	37,167	36,710	38,305	40,714	39,836	35,640	28,255	28,924
	Net income attributable to owners of the parent	(Millions of yen)	19,377	21,236	23,220	24,716	25,114	25,301	13,236	26,162	25,905	20,827	18,854
	Depreciation and amortization*1	(Millions of yen)	14,001	12,493	16,251	18,779	18,766	17,102	17,529	14,634	14,070	16,388	19,526
	EBITDA*2	(Millions of yen)	45,872	48,279	53,289	55,946	55,477	55,408	58,244	54,471	49,710	44,644	48,450
Items on the Balance Sheet:	Total assets	(Millions of yen)	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	1,312,273
	Deposits*3	(Millions of yen)	394,615	438,348	502,285	547,865	572,353	623,581	679,474	684,560	783,408	790,687	821,508
	Total liabilities	(Millions of yen)	674,486	636,968	686,525	730,590	758,710	810,458	929,036	863,051	962,482	977,509	1,058,031
	Total net assets	(Millions of yen)	138,045	153,408	169,890	184,794	199,081	212,027	212,890	222,833	234,676	244,113	254,242
Per share data:	EPS (Earnings per share)	(Yen)	16.27	17.83	19.49	20.75	21.07	21.24	11.11	22.14	22.01	17.71	16.03
	DPS (Dividend per share)	(Yen)	6.75	7.50	8.00	8.50	9.00	10.00	11.00	11.00	11.00	11.00	11.00
	Payout ratio	(%)	41.4	42.0	41.0	40.9	42.6	47.0	99.0	49.6	49.9	62.0	68.6
Management indicators:	EBITDA margin*4	(%)	48.2	45.7	46.7	46.6	45.6	43.4	39.5	36.6	36.2	32.6	31.2
	ROE (Return on equity)*5	(%)	14.7	14.6	14.4	13.9	13.1	12.3	6.2	12.0	11.3	8.7	7.6
	Capital adequacy ratio (domestic standard)*6	(%)	43.13	45.27	50.53	49.77	51.71	50.78	47.77	50.11	47.93	47.31	46.51
	PER (Price-to-earnings ratio)	(Times)	18.7	22.7	30.4	23.1	17.2	15.9	29.4	12.6	11.4	13.4	16.5
Cash flow:	Cash flow from operating activities	(Millions of yen)	118,550	91,940	99,931	66,482	88,118	31,466	117,471	89,619	136,039	41,311	66,577
	Cash flow from investing activities	(Millions of yen)	(6,927)	(50,668)	4,994	(11,634)	(28,818)	(3,649)	(34,882)	(5,801)	(32,770)	(36,114)	(36,191)
	Cash flow from financing activities	(Millions of yen)	(8,157)	(8,333)	(9,204)	(9,826)	(10,446)	(11,729)	(12,246)	(16,009)	(13,555)	(12,727)	(12,973)
Capital investments:	Capital investment amounts	(Millions of yen)	21,918	24,054	19,037	17,216	14,213	11,900	10,792	16,694	25,132	23,712	24,734
	For domestic business ATMs	(Millions of yen)	13,044	13,858	10,698	8,885	4,052	1,673	1,986	3,556	9,228	7,898	6,450
	For domestic business software	(Millions of yen)	7,118	7,933	7,122	7,550	8,756	9,863	7,589	11,567	14,023	9,918	12,115

*1 Depreciation and amortization (excluding goodwill).

*2 EBITDA = ordinary profit + depreciation and amortization

*3 Including negotiable certificates of deposits

*4 EBITDA margin = EBITDA/ordinary income

*5 ROE = net income/average equity balance

*6 Calculated based on the formula stipulated in the Financial Services Agency Announcement No. 19 of 2006 in accordance with the second provision of the Banking Law No. 14.

Non-Financial Highlights

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Number of employees (Consolidated)*1	(Persons)	490	543	576	619	634	654	657	713	809	911	1,016
Number of employees (Non-consolidated)*1	(Persons)	453	458	445	456	472	468	460	487	470	505	549
Ratio of female employees (Non-consolidated)	(%)	32	35	35	35	36	37	39	41	39	40	39
Ratio of female managers*2	(%)	8.0	9.7	9.9	10.7	12.0	14.7	14.5	17.4	18.2	16.0	18.4
Ratio of paid leave taken by employees	(%)	—	—	—	—	83.4	86.9	78.1	80.0	70.5	80.2	83.8
Number of employees who took childcare leave*3	(Persons)	10	7	12	10	13	16	12	11	11	15	24

*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 Ratio of female managers is calculated based on management positions (Senior Officer, Officer, Assistant Officer), excluding those seconded from the Bank to external companies.

*3 Number of employees who took childcare leave in fiscal 2022 including contractors

Seeking to Offer an Innovative ATM Service and Create New Value through Seven Bank's Core Business

Hiroshi Takeuchi

Managing Executive Officer in charge of ATM Platform Promotion Division, ATM Operations Management Division, and Business Support Division

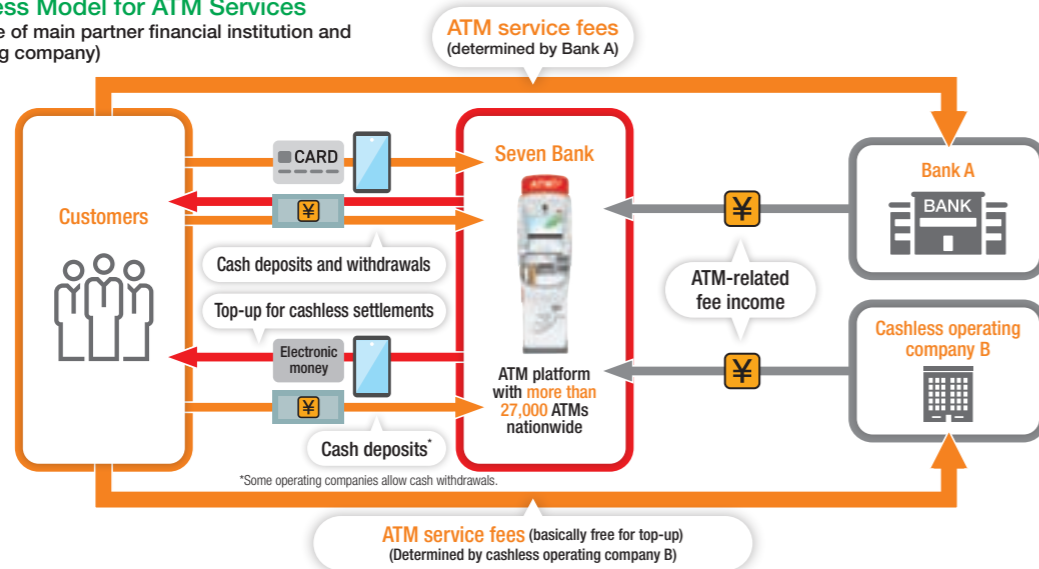


Offer a safe, convenient settlement infrastructure ATM Platform Business

The ATM platform business is Seven Bank's core business offering diverse services through more than 27,000 ATMs in 47 prefectures in Japan. In addition to cash deposits and withdrawals, the Seven Bank's ATMs support a wide range of settlement needs that are diversifying in response to the rise of cashless settlements. The latest ATMs are equipped with facial recognition and other various functions, allowing financial and administrative procedures as well. We are working to create new value of ATMs serving as a key social infrastructure to support customers' lives.

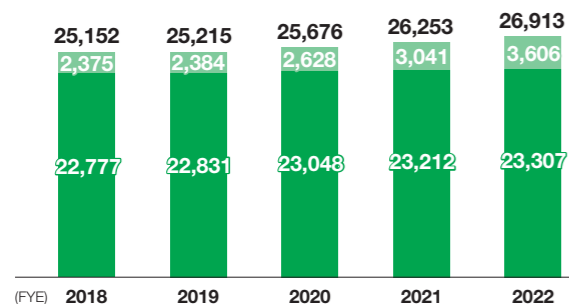
Business Model for ATM Services

(example of main partner financial institution and operating company)



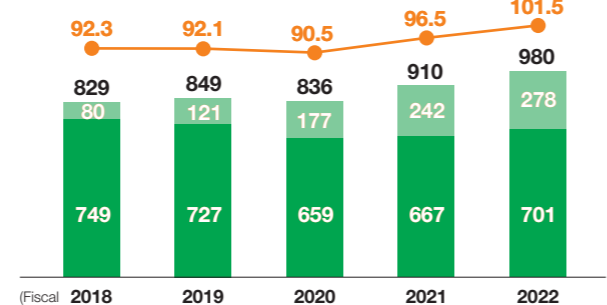
Changes in Number of ATMs Installed

■ ATMs installed within the Group (units) ■ ATMs installed outside the Group (units)



Number of ATM Transactions and Their Breakdown

■ Deposit-taking financial institutions ■ Non-banks, QR code settlement companies, etc.* (millions)
● Daily average transactions per ATM (number)



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

Establishing a Presence for ATMs in the Cashless Society

With the widespread use of cashless settlements, top-up transactions for electronic money and smartphone settlements are rapidly increasing in number at Seven Bank ATMs. As a familiar entry point into the digital society, Seven Bank is seeking to further enhance the presence of ATMs. Since regional digital currencies are increasingly introduced in local communities as part of measures to revitalize local economies, Seven Bank ATMs support top-ups for regional currencies issued by over 20 local governments to facilitate regional revitalization.

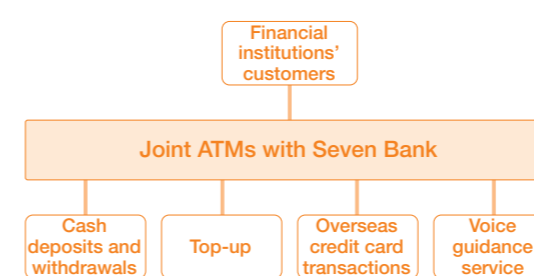


Installed in major train stations, etc.

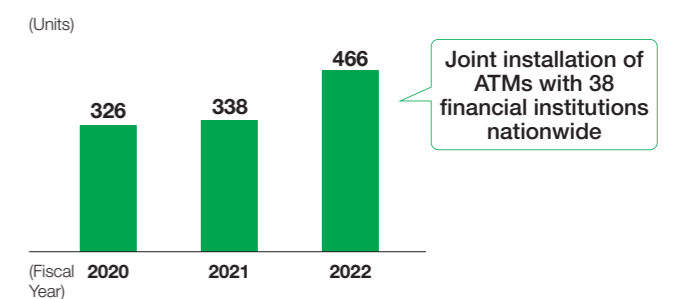
Supporting Streamlining by Financial Institutions

With financial institutions promoting streamlining of operations through branch reorganization and other measures, we will leverage the extensive operational know-how in ATMs cultivated by Seven Bank to date to further install joint ATMs with other financial institutions. The number of joint ATMs has reached 466 as of the end of FY2022, and Seven Bank is jointly installing ATMs with 38 financial institutions nationwide. Joint ATM operations not only lowers ATM operating costs for financial institutions but also helps improve convenience for their customers.

Image of Joint ATM Functions



Changes in Number of Joint ATMs

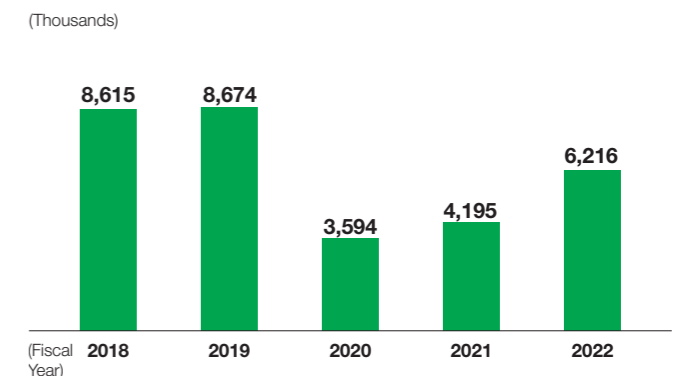


Multiple Currency Settlement Service for Cards Issued Overseas Starts

Seven Bank ATMs support 12 languages, and a service in particular which makes it possible to withdraw Japanese yen using cash cards and credit cards issued overseas is popular with tourists from overseas. Starting in July 2022, a currency of settlement can be selected* when customers withdraw Japanese yen at the ATMs. This provides enhanced convenience. Going forward, as tourists from overseas are expected to increase, we will strive to properly respond to needs for cash in Japan.

*Cards with Visa or Mastercard brand issued overseas are covered.

Changes in Number of Transactions Processed for Cards Issued Overseas



ATM partners

Partner Deposit-taking Financial Institutions (as of May 31, 2023)

Banks by location of head office

Hokkaido/Tohoku region



Kanto region



Chubu region



Financial Institutions, Etc. (as of May 31, 2023)

Securities companies



Life insurance companies



Alliance Network (as of May 31, 2023)

Cards issued overseas (international brands)



*There are some cards that have the same marks but cannot be accepted at our ATMs.

Kinki region



Chugoku/Shikoku region



Kyushu/Okinawa region



Overseas banks



Credit card companies, credit companies, consumer finance companies, business loan providers, operating companies



Electronic money



*These are the logos of some of the services provided.

“ We provide new convenience by adding services that meet changing customer needs ”

Koji Fukasawa

Managing Executive Officer in charge of the ATM Solution Division and the ATM+ Planning Division

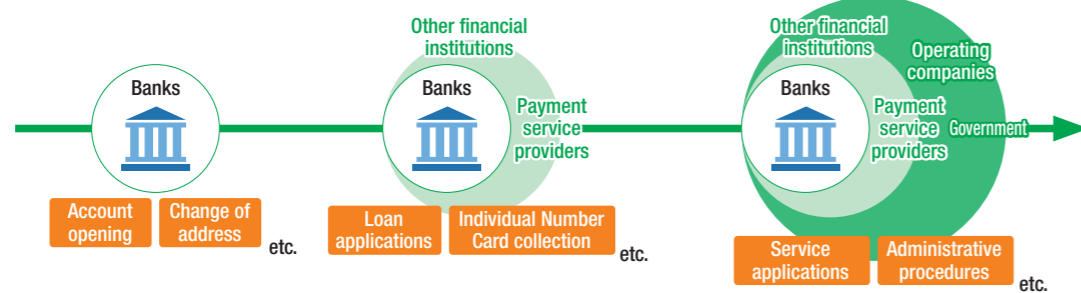


Utilize advanced ATMs to offer a variety of services, whether financial or nonfinancial

Service Platform Strategy

The social setting is changing rapidly, as seen in customers' lifestyles and the business environment for companies. To address such change, Seven Bank intends to deliver new value that transcends the conventional concept of an ATM, going beyond simple cash settlement. Moving forward, we will develop the nationwide network of Seven Bank ATMs into a service platform that connects the digital and real worlds and enables users to complete all kinds of procedures in an easy and secure manner. Toward that end, we will collaborate with a variety of services offered by financial institutions, operating companies, government, and other entities, with the goal of realizing a digital society in which no one is left behind.

Handle a broader range of procedures and services



Seven Bank is in the process of rolling out its fourth-generation ATMs, or ATM+, that make available an even wider variety of functionalities. In addition to being equipped with an operation panel that is easier to read and use for anyone, the fourth-generation ATM can link to a smartphone. With these ATMs that are also capable of reading QR codes, IC cards, and personal identification documents and performing facial recognition, we aim to redefine the value delivered by ATMs.

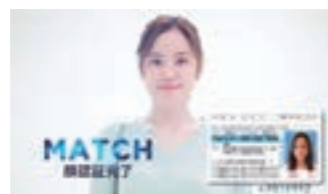
An easy-to-read and -use two-screen panel that displays large-font characters and animations



Reading QR codes, IC cards, and personal identification documents



Performing facial recognition using an advanced camera



GOOD DESIGN AWARD 2022

Number of fourth-generation ATMs installed
13,419
(As of March 31, 2023)

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

Serve as Tellers Guiding Customers to Convenient Services

From the fall of 2023, we will progressively provide financial institutions with two new services: ATM Notification, where Seven Bank ATMs urge particular customers to confirm their registered personal information and take other actions; and ATM Teller, where our ATMs process applications for opening accounts, changing the registered information, and so forth. These services will enable customers to complete necessary procedures anytime at nearby Seven Bank ATMs in an easy, convenient, and secure manner. At the same time, financial institutions will benefit from enhanced customer contact points and streamlined operations, among other merits. Going forward, we will expand our network of collaboration to include services provided by nonfinancial operating companies, government, and other entities so that we can deliver new value to society.



Fall 2023 New services to start

ATM Notification



Continuous customer management
Visa expiration management



Allow for updating address, phone number, and other information

ATM Teller



Open bank and other accounts



Process applications to change address, phone number, etc.



Seven Bank ATMs are also installed in the head offices and branches of banks

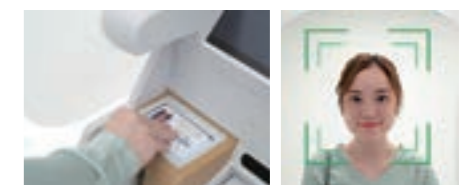
Serve as a Government-Citizen Interface

As Seven Bank ATMs operating nationwide are capable of reading Individual Number Cards, anyone can make applications at our ATMs for obtaining Individual Number Card Points or using their Individual Number Card as a health insurance card. We will keep on working to develop and deliver services like these in cooperation with government.



Serve as a Platform for All Types of Authentication

In response to a societal shift that requires more accurate identity verification, Seven Bank seeks to provide a reliable and secure authentication platform. Our ATMs, which can read driver's licenses, Individual Number Cards, and so forth while also performing facial recognition, are the first in Japan to be able to conduct identity verification in compliance with the Act on Prevention of Transfer of Criminal Proceeds. In the spring of 2024, we will launch a new service where cash can be deposited and withdrawn with facial recognition alone. This will allow customers to use our ATMs in a safe and secure manner through biometric authentication only, without the trouble of presenting personal identification.



Seven Bank provides financial services deeply embedded in customers' daily lives. We seek to develop unique products that only the Seven & i Group can offer.



Takashi Tsuzuura
Executive Officer in charge of the Banking Management Division

Provide financial services that support the daily lives of individual customers

Domestic Retail Business

Our domestic retail business provides financial services that are deeply embedded in individual customers' everyday lives. Pursuing the unique products typical of Seven Bank, which has its DNA in general distribution, we offer innovative and unconventional services in such fields as credit, investment, and insurance. Seven Bank has been consistently growing in many aspects, from the number of accounts to balances of deposits and loans. As a member of the Seven & i Group, whose stores in Japan are visited by about 22.2 million customers on a daily basis, we make every effort to realize the wishes of our customers.

Simple and quick Seven Bank account opening

- Download the My Seven Bank smartphone app
- Apply
- Once the account is opened, make deposits and withdrawals using a smartphone at Seven Bank ATMs

Account opened in as little as 10 minutes after application

Support DX Award 2021

The My Seven Bank app won a Support DX Award*

(Fiscal Year)	2021	2022	2023
Cumulative downloads (10 thousand downloads)	62	151	233

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

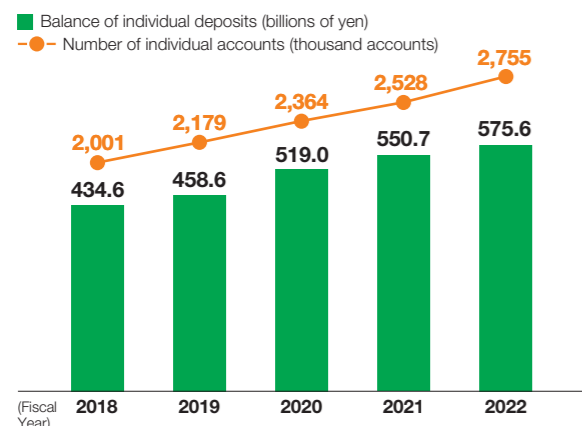
Loan services
Loans to be taken out on the day following the application at the earliest. Available 24 hours a day in principle via Seven Bank ATMs, etc. nationwide.

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

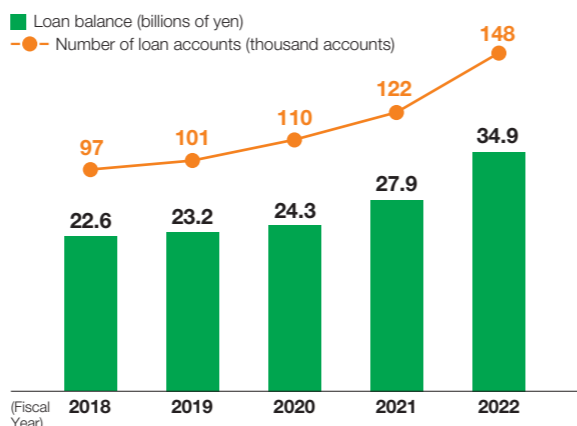
Shopping Investment "Korekabu"
An easy, convenient investment service akin to shopping.

*An award event aimed at recognizing, sharing, and appreciating the companies and services that create innovative digital customer experiences.

Deposit balance and number of accounts



Loan balance and number of loan accounts



Revamp the My Seven Bank Smartphone App

The My Seven Bank smartphone app, which marked its third anniversary in April 2023, has been completely redesigned. The renewed app, launched in June 2023, is designed to ensure accessibility so that anyone can quickly learn how to use it. While retaining the existing features, most notably the capability to open accounts in as little as 10 minutes and the Smartphone ATM service that allows for cash deposits or withdrawals with the app alone without using a physical cash card, the app now has a completely new user interface in which all icons for money transfer services are placed on the top half of the smartphone display, for instance. Moreover, note-taking and other highly requested functionalities have been added, taking the ease of use to the next level.

All icons for money transfer services placed on the top half

An at-a-glance list of services

Note-taking and categorization made possible

Make Investment Easier with the Shopping Investment "Korekabu" That Merges Retail and Financial Services

Launched in November 2022, our Shopping Investment "Korekabu" service was born out of the idea of merging retail and financial services to enable anyone to start investing easily. The service boasts unique functionalities that only Seven Bank can offer: for example, scanning the barcode of a product leads the customer to find stocks relevant to the product. The service offers some 300 financial products (Japanese and US stocks as well as exchange-traded funds), from which customers can choose to trade or make periodic installment investments, from as little as one share costing several hundred yen, using the My Seven Bank smartphone app. Korekabu is designed to allow customers to start and continue investing easily at a reasonable pace, while having fun as if they were collecting stocks by fulfilling a series of missions.

Provide Non-Japanese Residents with One-Stop Financial Services

Foreign nationals living in Japan have been on the rise year after year. The current situation, however, is that they are still unable to smoothly access financial services essential to their daily lives. In view of that, the Seven Bank Group has a framework in place where non-Japanese residents are provided with multiple financial services in a one-stop manner. Those services range from bank account opening to international money transfer, credit cards, loans, and insurance. We provide these services in a multilingual and easy-to-understand format, aspiring to the creation of a multicultural symbiotic society where non-Japanese residents can go about their lives with peace of mind.

Bank accounts	International money transfer	Credit	Insurance
<p>Seven Bank</p> <ul style="list-style-type: none"> More than 27,000 Seven Bank ATMs nationwide allow for deposits and withdrawals anytime and anywhere. Our ATM's operation panel displays more than 10 languages, ensuring that customers make transactions with peace of mind. 	<p>Seven Global Remit</p> <ul style="list-style-type: none"> The multilingual, easy-to-use smartphone app enables customers to remit money overseas anytime through a simple process. All remittances are made based on real-time market rates. 	<p>Credd Finance</p> <ul style="list-style-type: none"> Nonphysical credit cards with low credit limits can be issued even to foreign nationals who have just started to live in Japan. A wide range of loan products are available to foreign nationals with various types of working visas. 	<p>Viva Vida Medical Life</p> <ul style="list-style-type: none"> Diverse insurance products cater to a broad range of people and needs. Insurance policies offer coverage that is reasonable yet sufficient.

Make shopping more fun and convenient by driving a shift to mobile and digital payment services

Provide payment services embedded in everyday life

Seven Card Service

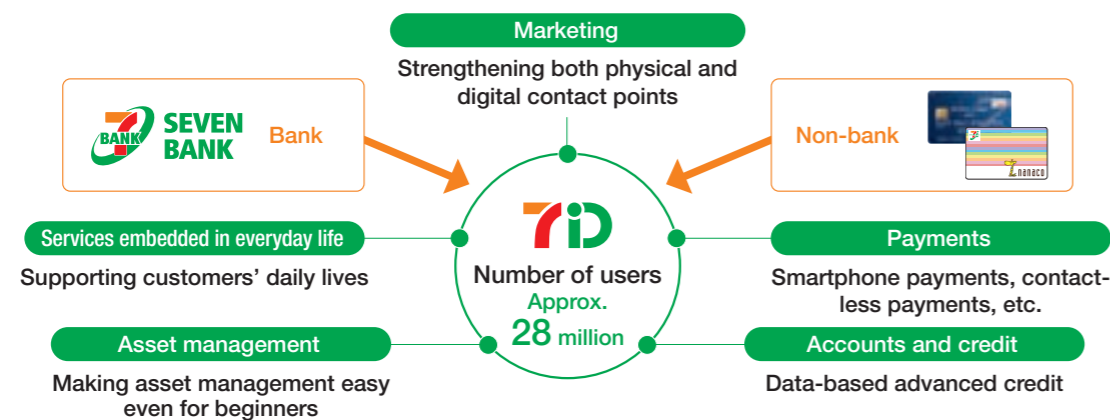
A settlement service company of the Seven & i Group that is one of the largest distribution groups in Japan, Seven Card Service issues and operates electronic money and credit cards. Upon the start of operation in 2002, the company began issuing credit cards. In 2007, it launched nanaco, the first prepaid electronic money service in the distribution industry. In parallel with the diffusion of nanaco that is known with its logo of a giraffe, Seven Card Service has been enhancing its services in keeping with the motto of making shopping more fun and convenient. Going forward, the company will continue striving to provide financial services embedded in day-to-day lives, with the primary goal of deepening its connection with customers.



Take the retail business to the next level centering on 7iD*

To provide highly convenient financial services for customers visiting Seven & i Group stores, both Seven Bank and Seven Card Service have been working hard on service enhancements over the more than two decades since their respective founding. Meanwhile, the business environment has undergone significant changes, as epitomized by the rise of fintech companies and monetary policy shifts around the world. To adapt to the rapidly changing business environment and provide services and financial experiences that are tailored to customer needs, Seven Bank made Seven Card Service a consolidated subsidiary on July 1, 2023.

To integrate and enhance the know-how, expertise, and other intellectual capital developed by the two companies over the years, the Seven & i Group's bank and non-bank businesses will be operated in unison moving forward. At the same time, the existing financial services will be reorganized from the customer perspective to cater to diverse customer needs more simply, seamlessly, and speedily. Furthermore, the two companies will seek to produce synergy by utilizing 7iD, a membership platform common across the Seven & i Group, in order to develop financial services and provide unique experiences that only a distribution and retail group can offer.

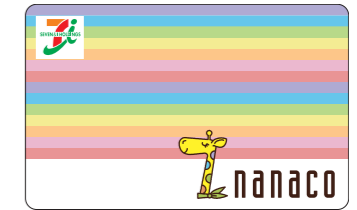


*7iD is a membership platform common across the Seven & i Group. It can be used not only at Group companies but also for their partners' services. Whether at Seven & i Group stores or on the partners' apps or online shops, 7iD members can shop beneficially and earn Seven Miles.

Provide Payment Services Based on Electronic Money and Credit Cards

The nanaco electronic money service helps more than 79 million customers shop conveniently on a daily basis, available at over one million affiliated stores nationwide, whether Seven & i Group shops or not. Seven Card Service continues to introduce new services that are convenient and beneficial to customers, including programs where nanaco point can be utilized. These points are also employed for the purpose of helping reduce food waste and increase plastic bottle recycling, as part of the company's ongoing efforts to contribute to the achievement of the SDGs.

The company's credit card services have grown to more than 3.6 million cardholders. Its credit cards charge no annual fee, award nanaco points based on the amount spent, and allow for the automatic top-up of nanaco electronic money.



Drive a Shift to Mobile and Digital Payment Services

The nanaco electronic money service began supporting Apple Pay in October 2021. In this and other ways, Seven Card Service has been driving a shift to mobile and digital payment services that go beyond the traditional nanaco card, with a view to expanding customer contact points and widening the use cases even further. In April 2022, the capability to pay with nanaco was added to the 7-Eleven app. This is just one example of the company's efforts to enhance new services that capitalize on the strong customer bases of the Seven & i Group and nanaco. Seven Card Service will keep on working to ensure that nanaco is used by, and embedded in the lives of, a wider age range of customers—by planning and running campaigns that utilize Group companies' apps, digital and social media, and other tools.



Launch a 7iD Linkage Registration Service

In April 2022, Seven Card Service launched a linkage service between 7iD and its credit cards: Seven Card Plus and Seven Card. As a result, any cardholder who has paid with their Seven Card Plus or Seven Card at 7-Eleven or Ito-Yokado stores earn Seven Miles automatically, without presenting their app membership barcode. The earned Seven Miles can be exchanged for nanaco electronic money or nanaco points. Seven Card Service will continue to do its utmost so that the cardholders are able to shop beneficially whether at Seven & i Group stores or on the partners' apps or online shops.



Provide corporate customers with Seven Bank ATM-based secure and convenient services to create new revenue streams

Offer settlement services and security business for corporate customers

Domestic Corporate Business

As encapsulated in remarkable advances in fintech, both services and players in the financial industry are increasingly borderless, leading to the emergence of novel payment methods that take advantage of cutting-edge digital technologies. In this business environment, the Seven Bank Group takes on the challenge of developing secure and convenient services that capitalize on its strengths, most notably ATMs. Its cash transfer and collection services via ATMs are penetrating all aspects of life. Another growing service is one in which the security technologies and anti-fraud techniques honed by Seven Bank are provided to non-Group financial institutions and entities.



Seven Payment Service, Ltd.

Settlement function ATM cash receiving and ATM cash collection

セブン・ペイメントサービス

Simplify and Expedite Cash Transfer and Collection with Unique Corporate Services

The ATM cash receiving service enables money transferred from companies to be received by individuals via Seven Bank ATMs or at 7-Eleven counters 24 hours a day, 365 days a year, in principle. Harnessing Seven Bank ATMs, Seven Payment Service offers unique corporate services like this that cannot be found anywhere else. The ATM cash receiving service has come to be used for even wider purposes, as seen in collaboration with a greater number of local governments and railway companies. The ATM cash collection service, which allows sales and other funds to be deposited at Seven Bank ATMs, is also well received as it helps companies streamline operations.

Topics ATM cash receiving service is now available to collect local government benefits

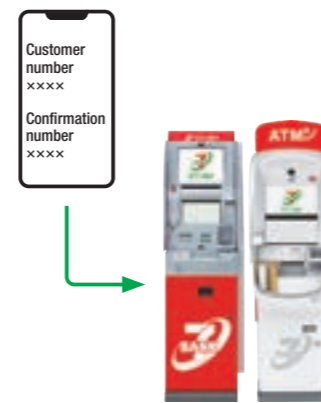
The ATM cash receiving service, which enables money transferred from companies to be received via Seven Bank ATMs nationwide 24 hours a day, 365 days a year, in principle, is now available to receive local government benefits. The service helps local governments reduce cumbersome paperwork. At the same time, it greatly increases convenience for citizens, too, as they can receive benefits via Seven Bank ATMs sooner upon application.

Topics More railways in the Tokyo metropolitan area employ the ATM cash receiving service

The ATM cash receiving service allows not only cash but also electronic money to be collected. Taking advantage of this feature, Seven Payment Service has partnered with more than half of major private railway companies in the Tokyo metropolitan area. In consequence, passengers can now collect the points earned from any of these railway companies to top up their electronic money accounts operated by that company. This service is very popular as it allows passengers to collect their points anytime at nearby Seven Bank ATMs, in addition to via ticket machines in railway stations.

Topics The ATM cash collection service received a Financial Institution Award at the Japan Financial Innovation Award 2023

Using the propriety smartphone app, the ATM cash collection service allows sales and other funds to be deposited at any of more than 27,000 Seven Bank ATMs nationwide 24 hours a day, 365 days a year, in principle. In recognition of its excellence, the service was presented a Financial Institution Award at the Japan Financial Innovation Award 2023, co-organized by FINOLAB Inc. and FINOVATORS. The award recognized the service's ability to streamline cumbersome cash collection operations by utilizing the Seven Bank ATM network.



Receive cash by entering the recipient information given into a nearby Seven Bank ATM



Bank Business Factory Co., Ltd.

BPO Back-office support service

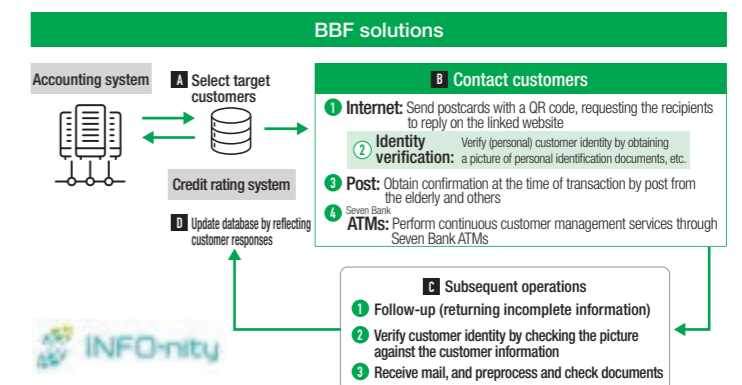


Provide Bank-Quality, Safe, Secure, and Efficient Back-Office Support (BPO) Services

Drawing on its know-how in bank business center management and expertise in financial back-office operations, Bank Business Factory (BBF) provides many financial institutions with not only back-office support services—such as account opening, mortgages, and deposit investigations—but also anti-money laundering services. The company also offers BPO services that promise efficiency, proposing ways to optimize work processes by automating operations through robotic process automation (RPA) and other means.

Topics The INFO-nity continuous customer management service is used increasingly widely

Seven Bank has amassed know-how and products that are essential to ensuring bank-quality back-office operations and security. Harnessing these assets, BBF launched an INFO-nity service that helps financial institutions with continuous customer management, which they are statutorily obligated to perform in order to prevent bank accounts from being misused. The service allows for efficient continuous customer management by contacting customers through multiple means of communication and updating the customer database. It is being employed by an increasing number of financial institutions.



ACSION, Ltd.

Security Platform provision service

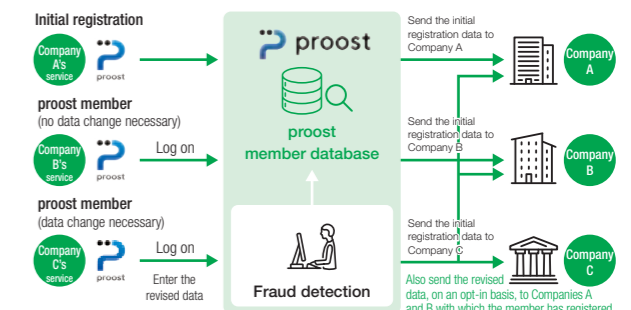


make world be honest

ACSION provides platforms for online personal authentication and fraud detection services, with the goal of helping stabilize and develop the financial infrastructure. As the international community rigorously scrutinizes how banks combat money laundering, terrorism financing, and other financial crime, the company makes proactive efforts to assist financial institutions with anti-fraud measures.

Topics The proost identity verification service is employed by more companies

The proost service enables personal identification data (e.g., name, address, and other information contained in licenses, as well as selfies) to be stored and used for online personal authentication. The number of companies introducing the service is on the rise. This is because the service offers convenience to both companies that employ proost and their users: the users are able to update their personal information for multiple proost-using companies in a single operation, while the companies can share the latest user information at all times.



Topics The Detecker fraud detection business starts providing a collaborative service with NTT Data

ACSION provides the Detecker fraud detection platform service, which operates 24-hours-a-day, 365-days-a-year monitoring to detect fraudulent transactions and unauthorized access, using big data analysis aided by artificial intelligence (AI). In 2022, the service started collaborating with the AnserParaSOL internet banking service of NTT DATA Japan, in an effort to assist financial institutions that are called on by the international community to implement stringent anti-fraud measures.

Overseas, we are expanding our ATM business while taking on the challenge of developing novel financial services

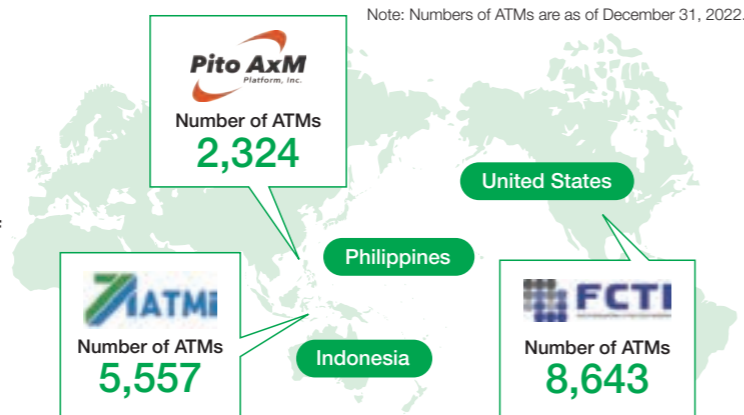
Tsuneo Nagashima
 Managing Executive Officer
 in charge of the Global Business Development Division



Establish ATM business overseas capitalizing on the know-how amassed in Japan

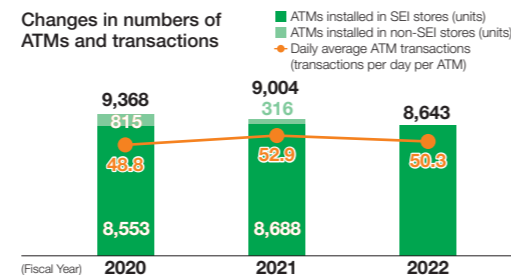
Overseas Business

Seven Bank provides ATM services in three countries abroad—the United States, Indonesia, and the Philippines—leveraging the expertise in advanced ATM operations it has developed in Japan. To ensure the stable operation of ATM services, we have been steadily increasing the numbers of ATMs and partners as we work to establish an ATM network that meets the settlement needs of each market.



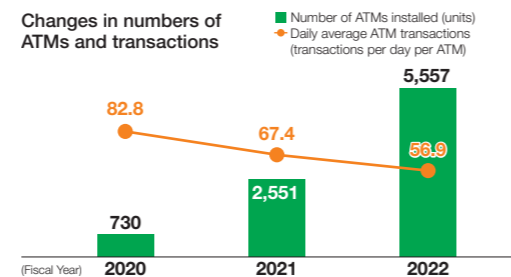
United States

FCTI, Inc. (FCTI), a consolidated subsidiary, operates about 8,600 ATMs installed in US 7-Eleven (SEI) stores. In addition to providing a stable ATM service underpinned by its extensive network, FCTI offers multilayered financial services, such as a unique credit service based on ATM usage data.



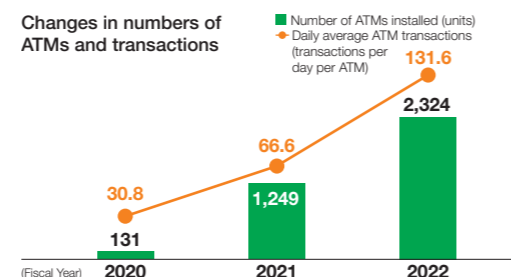
Indonesia

PT. ABADI TAMBAH MULIA INTERNASIONAL (ATMi), a consolidated subsidiary, operates approximately 5,500 ATMs installed mainly in local convenience stores. Driven in part by aggressive new store opening by local convenience store chains, the company accelerates the pace of installing ATMs in rural areas and on remote islands.



Philippines

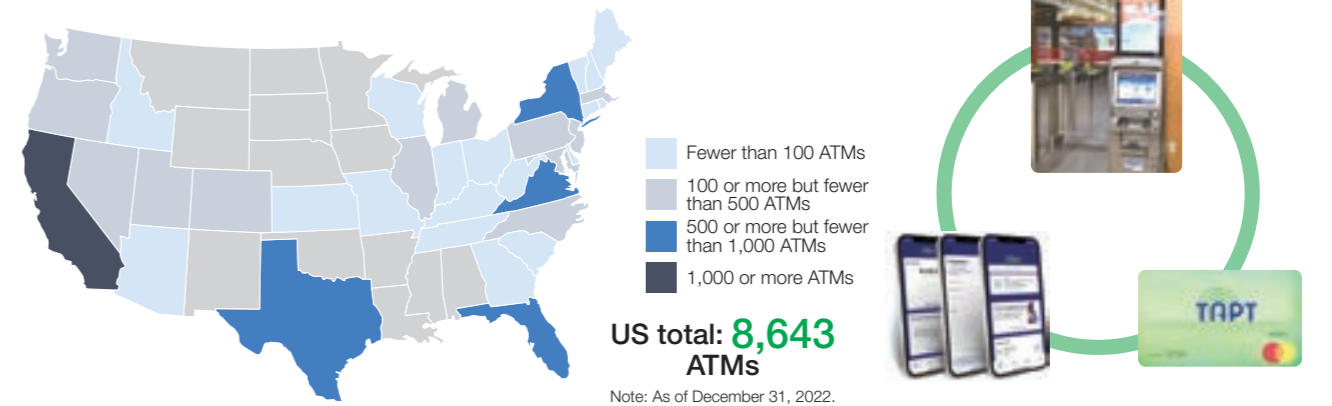
Pito AxM Platform, Inc. (PAPI), a consolidated subsidiary, operates around 2,300 ATMs installed in 7-Eleven stores in the Philippines. By the end of 2023, all of the about three thousand 7-Eleven stores in the country are expected to have ATMs. In tandem with the network expansion, the number of ATM transactions has been sharply increasing.



Offer Unique Financial Services Backed by the Extensive ATM Network



FCTI operates around 8,600 ATMs installed in the stores of 7-Eleven, one of the largest convenience store chains in the United States. In February 2023, FCTI began a demonstration experiment of a proprietary digital banking service called "TAPT" in cooperation with an external bank. TAPT consists of two services—TAPT Money, a small loan service, and TAPT Debit, a debit card service—that can be applied for and used through the smartphone app. The aim is to increase revenue streams by providing loan and payment services for FCTI's ATM users who have strong demand for such services.



Expand the ATM Network Utilizing AI and Data



Indonesia, the world's fourth-most-populous country, witnesses a sharp rise in demand for ATMs. However, the problem is that the more ATMs are installed, the greater the number of cases in which decision-making is difficult as to whether to install an ATM at a particular location. Joining hands with Seven Bank's AI and data utilization team to address the situation, ATMi has developed and operates an AI model that predicts the number of ATM transactions at a specific location and decides whether to install an ATM there, using data obtained from on-site surveys. Recently, roughly 40% of new ATM installations have been decided by the AI model. This facilitates the speedier expansion of the ATM network that meets strong local demand for ATMs.



Push for More ATM Transactions by Expanding Partner Banks



As part of its effort to install ATMs at Philippine 7-Eleven stores, PAPI has been accelerating installations not only in Metropolitan Manila but also in rural areas and on remote islands. By the end of 2023, all the 7-Eleven stores in the country are expected to have ATMs. In 2022, PAPI began direct collaboration with LANDBANK, one of the major banks in the Philippines, resulting in an exponential growth in the number of transactions. PAPI will continue to expand its ATM network and partner banks to meet strong funding demand in the country.



FOCUS 01

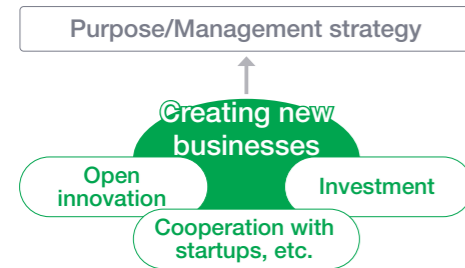
Creating innovation

Toward achieving our Purpose, we have executed new business plans one after another leveraging our internal and external networks. We aim to create further innovation



Kenjiro Nishii

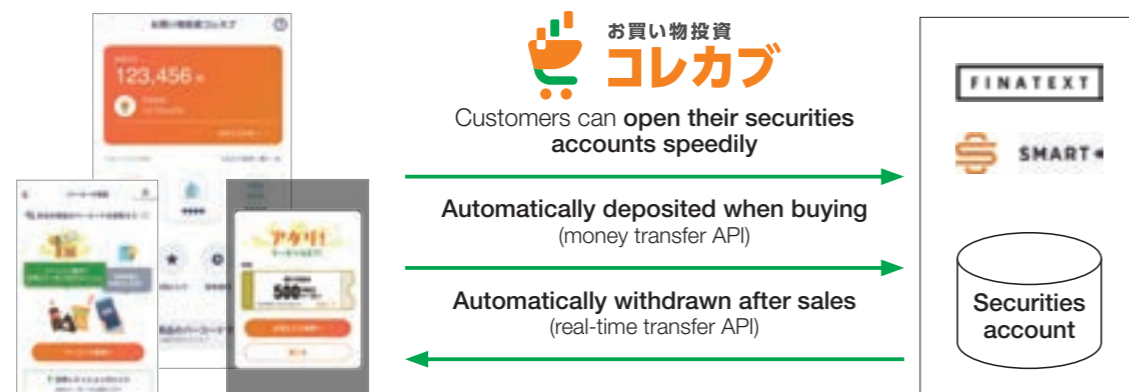
Executive Officer in charge of Financial Strategy Promotion Division



To materialize its Purpose, Seven Bank takes various approaches to create innovation leveraging its internal and external networks in product and service development as well as in human resource development. To create new pillars of business, we constantly search for new ways of utilizing our management resources and new synergies, collaborating also with other companies. We not only propose plans for new business projects, but focus always on carrying them through to the execution stage. We have been working also to develop human resources capable of creating new businesses and to change our corporate culture.

Launched a new service allowing customers to manage their assets just like shopping

The “Shopping Investment Korekabu” service launched in November 2022 was developed and is operated jointly with Finatext Group, with which we came in contact in working for open innovation. The “Shopping Investment Korekabu” service was developed by combining the Seven Bank’s DNA in general distribution with the Finatext Group’s expertise in the securities sector, through repeated refinements by the two companies. Using the securities business platform provided by Finatext Group also enabled us to launch the securities brokerage service in a short period of time. We will continue to create services through open innovation to solve our customers inconvenience about money.



Users can invest in stocks anytime easily and enjoyably on the app with barcode reading and mission rewards

Launched a first-of-the-kind service in Japan using the Mynaportal API

We launched the “Mynaportal information sharing services” on our ATMs utilizing the Mynaportal API managed by the Digital Agency in November 2022, and Aiful Corporation was the first to adopt the service among our partners.

Customers applying for a loan, for example, are usually requested by the financial institution to submit their income information required for screening by postal mail or via the Web, but the new service allows customers to submit their income information held by local governments to our partner companies basically anytime in 24 hours a day using more than 27,000 Seven Bank ATMs across the country.

Service overview

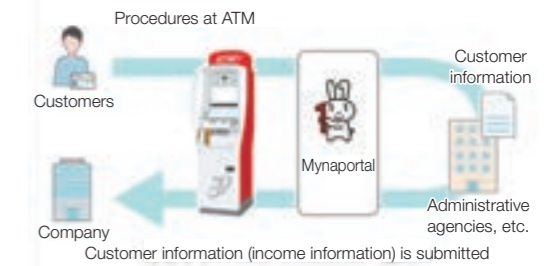


Image of ATM screen



Sponsoring a program for new business creation

Seven Bank has regularly held the Accelerator Program since 2016. Through collaborating with a total of more than 200 participating companies including startups, it has co-created and launched unique services outside of the typical notions about ATMs and finance. In the sixth “New Business Creation Program (Accelerator) 2023” which was themed on “Providing social infrastructure to meet broad needs going beyond the wishes of our customers,” two companies’ collaboration plans were selected from among 25 candidates.



Awardees



Final selection meeting



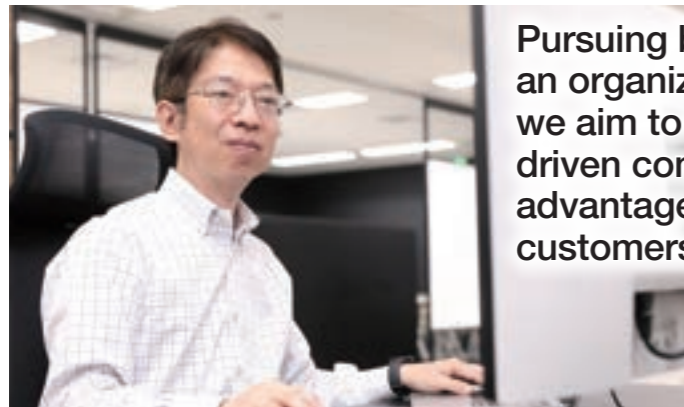
VOICE

Secretariat members

Program for new business creation

Through this program, we found rough gemstones that could be polished into services going beyond the wishes of our customers by combining our assets with those of companies from broad fields and sectors. We will continue to speedily bring the ideas born through open innovation to social implementation one after another.

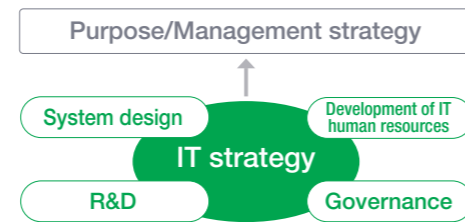
Transformation into an IT-driven company



Pursuing both stable system operation and an organization for flexible development, we aim to transform ourselves into an IT-driven company to create competitive advantage and earn greater trust from customers

Taku Takizawa

Executive Officer in charge of Financial Solution Division

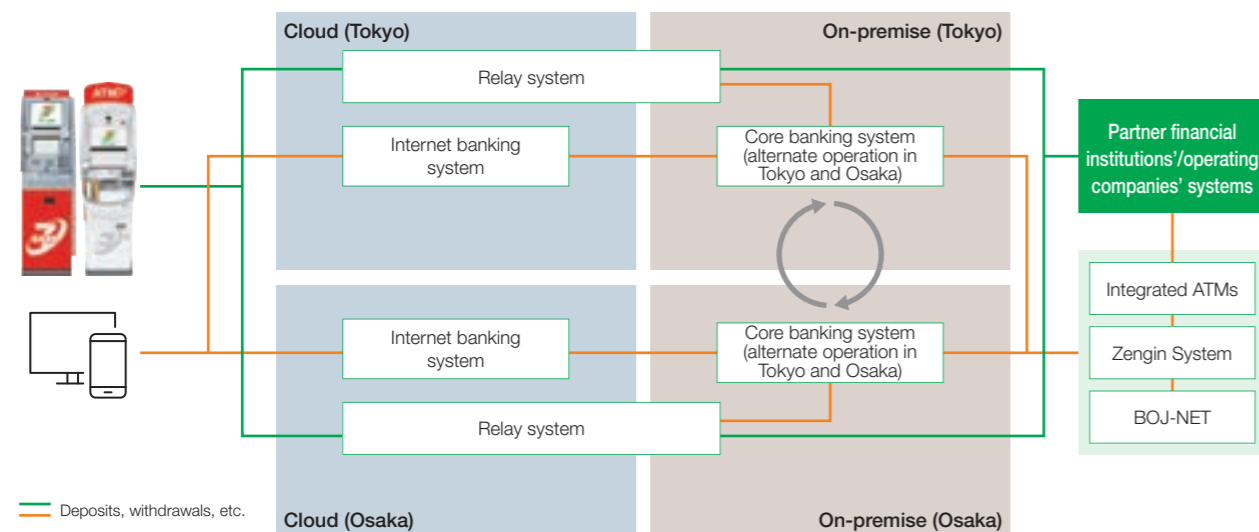


As an essential financial infrastructure, ATMs are expected to operate reliably 24 hours a day, 365 days a year, which is taken for granted. While DX accelerates in all realms of society, customers are having ever more sophisticated needs, and actions against diverse risks are required to be at an increasingly higher level. Under these circumstances, we have redefined the roles of our IT department to transform ourselves into an IT-driven company. In addition to ensuring stable operation of a high-quality system platform as the foundation of safety and security, we are now working to migrate our systems to the cloud as well as to bring more product development functions in-house, to achieve a system development organization combining speed and flexibility. We also focus on developing human resources to be the foundation for the transformation as well as on developing advanced technologies.

Building a system platform serving as the foundation of 24-hour operation, 365 days a year

Seven Bank has been shifting its systems to the cloud, and migrated most of its core systems to the cloud in 2021, anticipating the evolution of ATMs into a service platform and the expansion of its financial services. In cooperation with our business partners, we continue to duplicate our systems and operate them alternately from our sites in eastern Japan and western Japan. At the same time, we have also stepped-up measures for early recovery in the event of failure, which includes rapid fault isolation and enhancing the remote maintenance environment, to support the financial services available 24 hours a day, 365 days a year with increased safety and security.

Seven Bank's system network



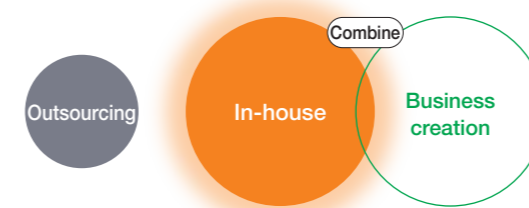
Building a stronger product development organization to combine our strengths in business and IT development

To boost the abilities of our IT function to create new businesses and services and to increase flexibility in systems development, we now emphasize "agile development" and "in-house development" in our product development organization. By collaborating with the operational department to combine our strengths in business and IT for quickly evolving the UI and UX of the My Seven Bank app and other applications, we aim to quickly respond to customer needs and provide greater value to customers. The scope of products to be covered will further expand in the future.

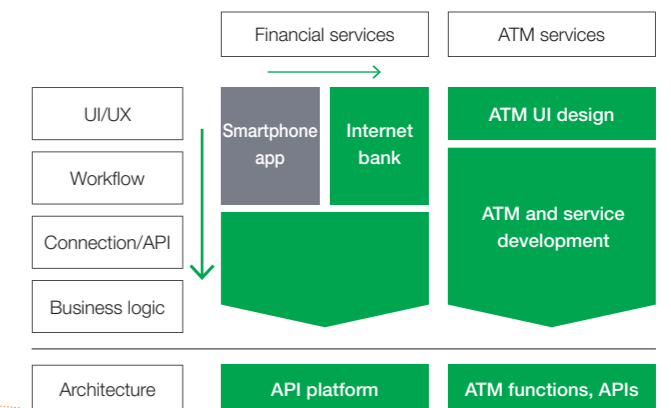
Our policy for future expansion of in-house production

Expand the scope of in-house development

Revamp development processes and build a team of members who continuously think on their own from business and IT aspects to develop products at a high speed



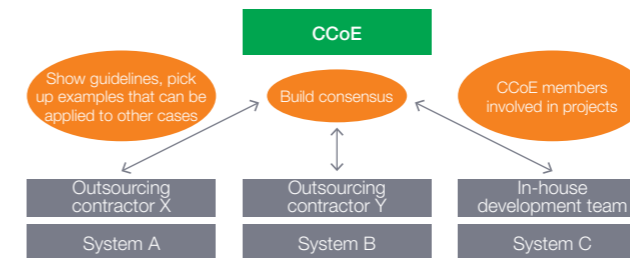
Start working first on the UIs closest to customers to gain experience. Then expand channels to include ATMs and expand the scope to include back-office operations



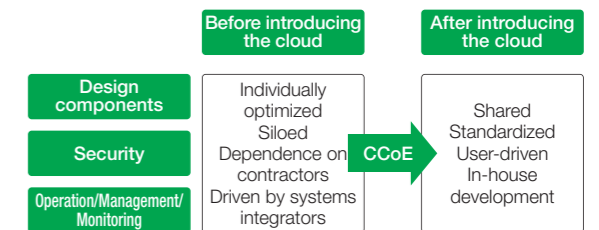
Organizational promotion of the companywide use of the cloud

Effective use of the public cloud, a key tool for accelerating enterprise DX, involves addressing various challenges and risks. For this, we have established the Cloud Center of Excellence (CCoE) as an organization to promote the use of cloud services. We have established guidelines on the best practices for using cloud services and oversee the progress of utilization of cloud services from a higher perspective, working in cooperation with system developers and cloud service providers.

Progress of work by development teams for using the cloud is reviewed from the users' viewpoint and higher perspectives



Share know-how on the use of the cloud across systems Move away from individually optimized/siloed systems



VOICE

Yoshiaki Tokuda
Financial Solution Division

As a leader of CCoE, I have propelled the use of the public cloud. We are developing unique and new services combining the latest public cloud technologies. The CCoE members will continue to work together as one team to contribute to the achievement of Seven Bank's DX.

FOCUS 03

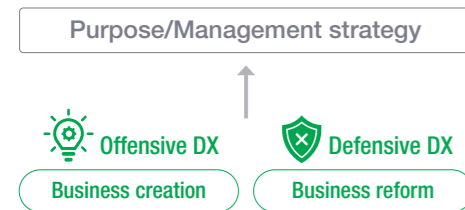
Promoting corporate transformation through DX

We encourage awareness change and behavior modification in employees to drive corporate transformation through both “defensive DX” and “offensive DX”



Tomoaki Nakayama

Executive Officer in charge of Seven Labo and Corporate Transformation Division



To maximize the power of digital technologies and drive forward DX, it is essential not only to build the environment such as the IT infrastructure, but also to develop human resources to handle them. Seven Bank strongly propels both “defensive DX” – to improve productivity by building and improving internal IT infrastructure – and “offensive DX” – to foster capabilities to create new businesses by encouraging culture change to create new values. To this end, we are encouraging awareness change and behavioral modification among our employees while working vigorously to develop data scientists.

SEVENBANK Academia: an internal program to promote awareness change and behavioral modification

SEVENBANK Academia is a company-wide program that promotes awareness change and behavioral modification in all employees through various activities for the achievement of our Purpose. In FY2022, we held a total of 10 sessions of executive talks with the cooperation of NewsPicks for Business, Inc. We also held “Cross-border Learning Seminars” inviting external experts, which are training sessions to help employees work continuously on new businesses creation and business reform in a sustained manner.

SEVENBANK Academia: Fostering a challenger mindset with external stimuli

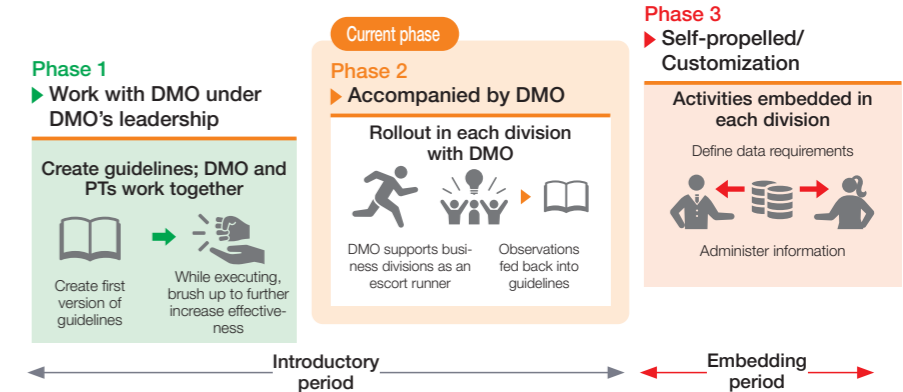
For communities	Job class communities To strengthen internal networks and to provide opportunities that encourage peer learning and action	Exclusive content Employees receive messages from the top management that foster a challenger mindset for change	Snack bar “Seven” To build new networks with companies outside the Group and strengthen internal communication
	Executive talk Communicate management commitment to corporate transformation through talks with the executives of other companies	Cross-border Learning Seminar Programs that integrate input and output to help employees work on new business creation and business reform in practice	

	Future Vision Seminar Yuya Nishimura, Executive Director, Specified Nonprofit Corporation MIRATUKU	Career Design Seminar Takashi Yokoishi, Chief Executive Officer, &Co., Ltd.	Businesses Creation Seminar Kazutaka Inoue, Unit Manager, Sun* Inc.
Goal	To develop the ability to identify future issues to work on	To learn tips for autonomous career development	To discover our assets and gain insights to create future innovations
Description	<ul style="list-style-type: none"> Draw up questions to the world, individual interviews with experts, read related articles, draw up product proposals looking ahead to the future etc. 	<ul style="list-style-type: none"> Themed discussions with experts “My favorites” mapping, helium hoop for team building, “20-people rescue” 	<ul style="list-style-type: none"> Create, polish up and pitch in ideas for business using a framework for business design “VALUE DESIGN SYNTAX”

Creating an environment and developing human resources for the utilization of AI and data

Seven Bank established the Data Management Office (DMO) in April 2022 to create an environment to help all employees across all departments proactively utilize data to increase work efficiency and sophisticate their work. Its roles include the collection and maintenance of internal data, strengthening governance, and community management. We have also conducted a training program by internal data scientists on data utilization since July 2021, which has been joined by a total of 129 employees from all departments by the end of FY2022.

Steps Taken by the DMO for embedding Data Utilization



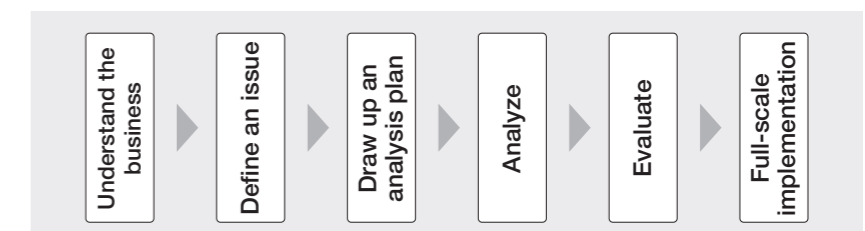
Overview of training programs to develop human resources for data utilization

	Beginner's level	Intermediate	Advanced
	Courses on internal data utilization	AutoML practical courses	Citizen data scientist courses
AI/BI	<ul style="list-style-type: none"> Understanding internal data Basics of Power BI 	[Basic study] <ul style="list-style-type: none"> Basics of AI GUI-based data processing Build AI with an AutoML tool 	<ul style="list-style-type: none"> Individual support through a virtual data lab
Community	SEVEN Bank Data Salon		

Utilizing AI and data for business

In order to flexibly and quickly turn the trial-and-error cycle of hypothesis, analysis, modeling and verification required for utilizing AI, and to accumulate knowledge and know-how internally, Seven Bank relies on internal data scientists to develop and utilize AI tools in-house. This has enabled us to use AI for applications producing business results, such as predicting daily deposits and withdrawals at each ATM and automatically tabulating and sorting call center inquiries.

Data analysis steps



Examples of issues

Category	Issue
ATM	Finding candidate installation locations (in/outside Japan)
	Predicting amounts of deposits and withdrawals (in/outside Japan)
Credit	Using nanaco data as credit information
Marketing	Detecting unplanned purchase with a transaction on ATM
	Detecting signs of need for a loan
Customer service	Automatically tabulating customer inquiries
Management	Visualizing business figures

MANAGEMENT BASE

Seven Bank's Management Foundation

Seven Bank engages in its business activities centering on the environment, society and corporate governance (ESG) and firmly builds the management foundation that supports its growth over the medium to long term

Human Resource Strategies That Support the Second Stage of Growth

Message from the Officer in charge of Human Resources Division



Kazutaka Inagaki

Managing Executive Officer in charge of General Affairs Division and Human Resources Division

To create “a better version of daily life” that is set as our Purpose, it is essential that every employee continue to think on their own, take on challenges and use ingenuity in the pursuit of the ideals we aim for. Our human resource strategy is based on supporting the autonomous growth of our employees and creating a place where they can maximize their abilities, to enable them to think always from customers’ viewpoints, challenge themselves with free thinking, and envision their own future.

We strongly invest in employees’ growth because we believe it is “people” who create new values

We also believe that it is an important role of a company to provide an environment where diverse human resources can work successfully and grow in diverse ways. Creating opportunities for everyone to work successfully regardless of gender, age, nationality, or disability, and supporting the growth of the abilities of all individuals will also lead to our sustained growth. To further broaden opportunities for women to play leading roles, we also focus on creating a working environment that helps them to continue to work while raising children or caring for family members.

We will continue to invest strongly in the growth of our employees, because we believe it is “people” who create new values. Individual employees and the company both can grow together to create sustainable values. We aim to achieve our Purpose by doing so.

Optimizing human resources and environment for sustainable individual and corporate growth

Contribute to society through our business by supporting individual employees’ autonomous growth and providing the arenas for their success



HR management cycle



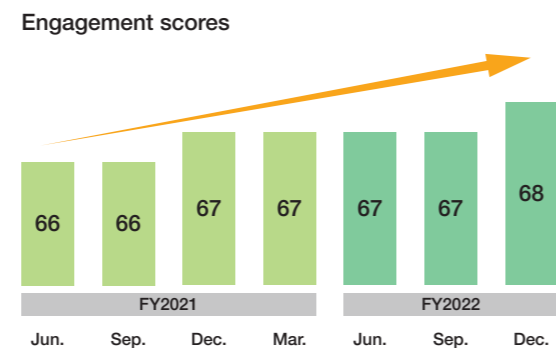
Human Resource Strategies That Support the Second Stage of Growth

Major initiatives and engagement

*In FY2022 or as of March 31, 2023 unless otherwise noted.

	Initiatives	Output
1 Human resources development	<ul style="list-style-type: none"> Strengthening new-graduate and mid-career recruitment Conducting trainings (IT trainings/job-class specific trainings/communication trainings/evaluator trainings) Internal seminars Internal recruitment and internal internship programs Introducing a talent management tool Corporate human resource portfolio and skill assessments Introducing EX10^{*1} 	<ul style="list-style-type: none"> New graduate hires: 15. Mid-career hires: 61. (Mid-career hires account for 61%) Promotion to regular employees: 3 persons Training cost per employee: about 100,000 yen Held "Purpose Award" and "Thanks Letter" commendation programs Pickup! Two employees participated in an internal internship program with the Global Business Development Division Pickup!
2 Workstyles	<ul style="list-style-type: none"> Holding town hall meetings with the President Holding cross-department coffee time events Introducing a thanks letter tool^{*2} Holding internal webinars, publishing an in-house newsletter Reviewing the dress code 	<ul style="list-style-type: none"> More than 500 employees joined a total of 60 town hall meetings Pickup! Held 10 coffee time events Total number of thanks letters: 2,782
3 System	<ul style="list-style-type: none"> "Re-challenge Plan"^{*3} Developing systems and operations based on no age limit for working Introducing an employee stock ownership plan for managerial-level employees Introducing a management-by-objectives system and a bonus system for rehired retired employees 	<ul style="list-style-type: none"> Employee service years: 7.6 years Ratio of paid leave taken by employees: 83.8% Number of employees who took childcare leave^{*4}: 24 (6 men and 18 women). Returned to work: 100% Number of employees who took a leave for nursing care^{*4}: 1 Number of employees who used the shorter work-hour system due to childcare or nursing care: 21
4 Health and welfare	<ul style="list-style-type: none"> Continuing with measures against COVID-19 Mental health care training for managers Operating a health counseling room Conducting health programs in cooperation with the Seven & i Group 	<ul style="list-style-type: none"> Occupational accident frequency rate^{*5}: 0.77 Occupational accident severity rate^{*6}: 0.01 Average employee overtime per month: 24.1 hours
5 Diversity and inclusion	<ul style="list-style-type: none"> Strengthening cooperation with special education schools Employee taking part in a training program for female executive candidates Holding D&I seminars 	<ul style="list-style-type: none"> Ratio of female managers^{*7}: 18.4% (target: 30% at the end of FY2025) Ratio of mid-career employees: 83.1% Percentage of employees with disabilities^{*8}: 2.32%
6 Risk management	<ul style="list-style-type: none"> In-house training for harassment prevention Compliance Consultation System 	<ul style="list-style-type: none"> Number of contacts received at the Help Line for employees: 14

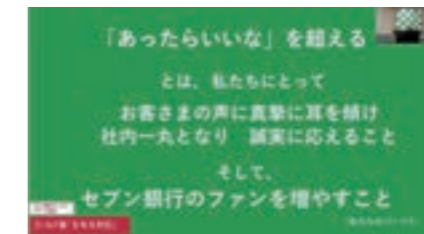
Employee "engagement" is a barometer of employees' trust and attachment to the company, which is drawing attention as an indicator related to customer satisfaction, productivity, and sales. To increase employee engagement, empathy with the company's philosophy and vision and a mindset of contributing to the company's growth in employees are highly relevant. Based on the idea that individual employees understanding our Purpose, relating it to their own work and trying to materialize it in their work will lead to the sustainable growth of the company, Seven Bank carries forward various initiatives under six frameworks.



^{*1} An arrangement to allow employees to allocate 10% of their performance evaluation score to goals related to their voluntary innovation activities
^{*2} A system intended to build mutual trust and stimulate communication by encouraging employees to give each other "thanks" and "praises."
^{*3} A system of work plans to allow employees to continue to work while raising children or caring for family members.
^{*4} The number of employees who took childcare leave or nursing care leave in fiscal 2022 including contract workers
^{*5} Occupational accident frequency rate = (Number of occupational accidents occurred/Cumulative work hours) × 1,000,000
^{*6} Occupational accident severity rate = (Lost work days due to an accident/Cumulative work hours) × 1,000
^{*7} Ratio of female managers is calculated based on management positions (Senior Officer, Officer, Assistant Officer), excluding those seconded from the Bank to external companies.
^{*8} Ratio of employment of persons with disabilities as of April 1, 2023

Purpose Award

The first Purpose Award program was held with the aim of "sharing real-life examples of efforts to achieve our Purpose across the group to help all employees apply the learning to their work," with a total of 47 entries from all departments and four subsidiaries. Representatives from the 11 projects selected through the first screening by board member votes gave presentations at the final selection meeting. The event was live-streamed to all Seven Bank departments, and the "Social Media Activities" project of the ATM Operations Management Division won the Gold Award with 70 of the 424 online votes cast. In the winning project, the ATM Operations Management Division proactively approached customers through social media to uncover their latent needs and problems, and used the inputs for improving the functions of ATMs. The division was recognized for these efforts.



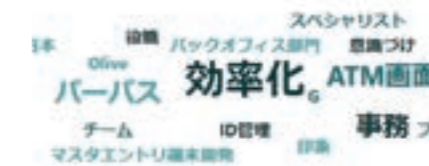
Presentation on the Social Media Activities project



The award ceremony

Town hall meetings

As Seven Bank President Masaaki Matsushashi eagerly wished to have a place to communicate with each employee, town hall meetings were held where Matsushashi interacted directly with all departments and employees. The meetings generated mutual understanding, empathy, and resonance among the President and employees about their respective thoughts, as well as deepened their understanding of our Purpose.



The words that impressed participants extracted from after-meeting questionnaires



Town hall meeting

Internal internship program in Indonesia and the Philippines

In February 2023, two Seven Bank employees selected through an internal recruitment process joined a two-week internal internship program at our overseas subsidiaries (in Indonesia and the Philippines). Through the program, participants were expected to understand the business of overseas subsidiaries and experience local operations. At each overseas subsidiary, after briefing by the subsidiary president on its operations, the participants visited local ATM sites to survey on-site how ATMs are used. They also interacted directly with members of the overseas subsidiaries.



VOICE

Hikari Kan
ATM Platform Promotion Division

It was a valuable experience of "seeing is believing" for me, to get in touch first-hand with the local economy and the energy of the employees in the two countries. The program added new perspectives to me, which I will leverage in my future work.

Kenji Sasaki
ATM+ Planning Division

Participating in the internal internship program gave me a firsthand feel of overseas business, which I had thought to be something far away. I learned the importance of firsthand experience and now intend to use the learning in my work at Seven Bank.

Responses to Environmental Issues

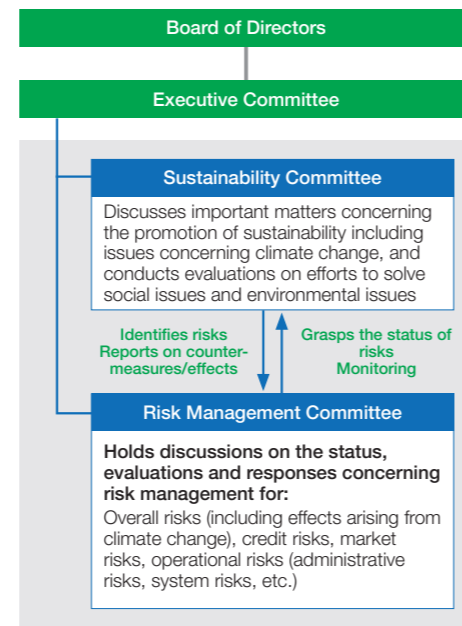
Endorsement of TCFD recommendations

Global warming severely affects the sustainability of companies. In addition, the risks of climate change could become a grave threat to future generations. Recognizing the issue of climate changes that would have significant impacts on corporate activities as one of its management material issues, the Seven Bank Group 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

The Seven Bank Group has established a Sustainability Committee to discuss important matters concerning the promotion of sustainability including climate issues. The Sustainability Committee discusses the progress of efforts to resolve social and environmental issues and our future policies. It monitors the progress of activities in addressing climate change throughout the Group and reviews the Group's policies and activities as appropriate. Matters of particular importance are reported to the Executive Committee and the Board of Directors, and the feedback received from the executives at these meetings are input to the Group's sustainability initiatives.

With regard to risks from climate change, we check the overall status of risks based on the "Basic Policy on Risk Control," under the risk management organization and system in accordance with our rules and regulations on risk management. As our risk management system, we have established the Risk Management Committee chaired by the officer in charge of the Risk Management Division as an advisory body to the Executive Committee, which works in cooperation with the Sustainability Committee and grasps the status of risks through regular monitoring.



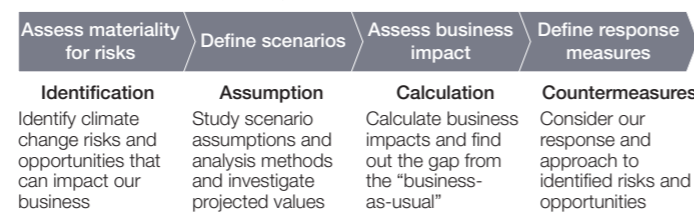
Strategy

To measure the impact of climate change risks and opportunities on our core ATM platform business, we conducted a scenario analysis for the year 2030, based on our information as of the end of March 2022.

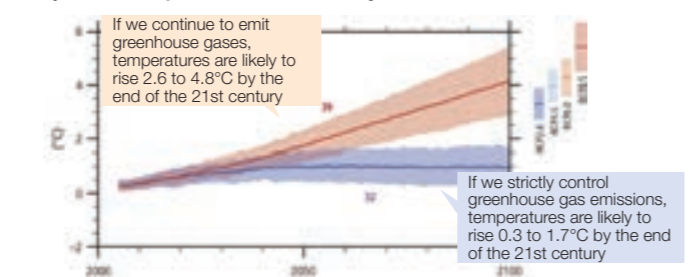
Reference scenarios

Items	The 2 degree limit scenario	The 4 degree scenario
Reference scenarios	(2 degree scenario) IEA Sustainable Development Scenario IPCC RCP2.6 (1.5 degree scenario) IEA Net Zero Emissions by 2050	(4 degree scenario) IEA Stated Policies Scenario IPCC RCP8.5
Worldview	The scenario assumes an average temperature increase of less than 1.5°C above the pre-industrial level by 2100. Policies, laws, and regulations will be more stringent than now to achieve carbon neutrality to control problems from climate change.	The scenario assumes an average temperature increase of 3.2°C to 5.4°C (about 4°C) above the pre-industrial level by 2100. No proactive policies, laws, or regulations are put in place to mitigate problems from climate change, while extreme weather events intensify remarkably.

Steps for scenario analysis



Projected temperature increase by scenario



*Source: Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)

Assumed climate-related risks/opportunities and our strategy

We have comprehensively identified the risks and opportunities that climate change may present to our business and qualitatively analyzed their potential financial impact. Of these, those identified as having particular impact on our business activities are listed below.

[Transition risk] Risk associated with the transition to a decarbonized society

Item	Type	Description	Projected timeframe	Estimated financial impact		Seven Bank's major initiatives
				4°C	1.5°C	
Regulations on resource recycling	Risk	Regulations on the distribution and use of fossil fuel-derived plastics used in ATMs will require shift to alternative materials such as bioplastics. Shift to recyclable materials and structures will be required to increase costs for adaptation	Medium to long term	Medium	Medium	Achieved an ATM recycling rate of about 100% by collecting the ATM parts removed from replaced fourth-generation ATMs and reusing or recycling them.
	Opportunity	Financial institutions will gradually switch to recyclable ATMs. As a result, demand for our ATMs will increase for replacements.			Medium	
Regulations on paper use	Risk	If the use and distribution of paper by industrial users are regulated for forest protection, ATM paper slips may need to be eliminated, incurring costs for response.	Medium to long term	Small	Small	Eliminated ATM slips for PIN errors and insufficient balance cases Reduced paper use by shifting to paperless notification procedures
	Opportunity	If financial institutions are required to reduce or eliminate paper bankbooks, demand for our ATMs will increase for replacements.			Small	
Change in raw material costs	Risk	Increase in the prices of fossil fuel-derived plastics used in ATMs due to higher crude oil prices can increase manufacturing costs	Medium to long term	Medium	Medium	Exploring new materials and working for research and development of recycled materials in collaboration with academia
Change in demand for key products	Opportunity	Financial institutions will switch to more energy-efficient ATMs to reduce energy use. As a result, with the environmental advantages of our ATMs, our sales opportunities can increase with increase in the number of partner financial institutions.	Medium to long term	Medium	Medium	The newest ATM model consumes 40% less power than conventional ATM models. Replacing ATMs all over Japan with the newest model ATMs.
Change in energy costs	Risk	Increased demand for renewable energy can bring up electricity prices and increase operating costs for offices and data centers Higher gasoline prices will increase costs such as cash transportation costs	Medium to long term	Small	Small	Reducing electricity use based on "GREEN CHALLENGE 2050" Reducing the frequency of ATM cash transportation through more efficient ATM operation
Introduction of carbon tax	Risk	A carbon tax will be imposed on our Scope 1 and Scope 2 emissions, increasing operating costs	Medium to long term	Small	Small	

*Not applicable to the 4 degree scenario which does not assume transition to a decarbonized society

[Physical risk] Physical risks induced by climate change

Item	Type	Description	Projected timeframe	Estimated financial impact		Seven Bank's major initiatives
				4°C	1.5°C	
Intensification of extreme weather events	Risk	ATMs and other equipment may be damaged or swept away and cash transportation networks may be disrupted, resulting in reduced revenues due to shutdowns, claims for damages from partner banks, and restoration costs	Short to long term	Large	Medium	Established an arrangement to ensure business continuity by having system bases in eastern and western Japan. To minimize damage, we will cooperate with the store management teams in the disaster area in advance and utilize the store information sharing system "7VIEW" to grasp the situation in real time and take early action. We have established a Business Continuity Plan (BCP) and regularly conduct practical drills Install flood barrier plates to prevent flooding into stores on the initiative of Seven-Eleven Japan
		Employees are unable to come to work, which impedes operations and reduces revenues.				
	The number of ATM transactions decrease as people go out less, resulting in lower income					
Opportunity	Partner banks will install more of our ATMs to hedge climate change risks, which will increase our income opportunities	Medium	Small			
	Demand for mobile ATM vehicle dispatch services as disaster response measures will increase Increased need for cash in the event of a disaster will increase the number of transactions	Medium	Small			
Rise in average temperature	Risk	Air-conditioning costs for offices and data centers will increase	Short to long term	Medium	Small	Promoting casual office attire and reducing power consumption by heating and cooling equipment
	Opportunity	Rising temperatures will increase the number of customers visiting convenience stores and increase opportunities to use ATMs				

Definitions concerning transition risks and physical risks

Timeframe	Definition	Financial impact	Definition
Short term	0 - 1 year	Large	Expected to have a significant impact on our business and finances
Medium term	1 - 5 years	Medium	Expected to have a less significant impact on our business and finances
Long term	5 - 30 years	Small	Expected to have a minor impact on our business and finances

Responses to Environmental Issues

Calculation of potential financial impact from risk items

We analyzed financial impact on our business activities in multiple scenarios, which are one assuming a maximum increase of 2°C and the other assuming an increase of 4°C by 2030.

The decarbonation scenario

Additional costs due to the introduction of a carbon tax for transition to a decarbonized society and projected increase in electricity purchase prices

Assumptions	Calculation	Calculation result (in millions of yen/year)
Financial impact on Seven Bank with a tax imposed on GHG emissions (Scopes 1 and 2) generated by its business activities in the scenario assuming a maximum of 2°C increase by 2030	Calculated based on our GHG emissions and future carbon pricing rate *Scope 1 and Scope 2 emissions in 2030 equivalent to the levels in FY2022 are assumed. *The carbon pricing rate is referenced to "Net Zero Emissions by 2050," World Energy Outlook 2022, IEA.	15.4

The global warming scenario

Our scenario analysis estimates that the damage to ATMs installed by us due to intensified severe extreme weather events and the associated impact will cause the greatest impact.

Assumptions	Calculation	Calculation result (in millions of yen/year)
In both the 4-degree scenario and the 2-degree scenario, as of 2030, physical damage from floods and storm surges increases due to intensified severe extreme weather events. We have a large number of ATMs nationwide and expect to have a significant financial impact from the increasing frequency of floods and storm surges.	The following items are estimated based on the Manual for Economic Evaluation of Flood Control Investment (Ministry of Land, Infrastructure, Transport and Tourism) and other references. ● Damage to ATM asset due to flooding ● Recovery cost ● Losses due to shutdown *Damage prediction data, such as estimated flood depth, is identified for each ATM location from hazard maps.	805 to 1,408 *Annual average damage (single year) is calculated by multiplying the estimated damage in the event of a flooding or storm surge by the annual exceedance probability.

In light of the potential impact of climate change risks on our business activities and finances, the Seven Bank Group has been taking various actions. Our efforts to reduce CO₂ emissions related to our core ATM business include developing the fourth-generation ATM model which consumes 40% less power to realize a decarbonized society, reusing and recycling ATMs removed from and collected from stores, and reviewing specifications for printing ATM slips (see "Environmentally-friendly ATMs" on the next page).

To cope with the increasing risk of natural disasters, we have established a structure to ensure business continuity by decentralizing our relay system, and equipped ATMs with an uninterruptible power supply (UPS) to prepare for power outages due to disasters. In the unlikely event of a large-scale disaster that disables ATM operations over a wide area, we will dispatch mobile ATM vehicles to help the affected communities through the provision of settlement infrastructure.

Risk management

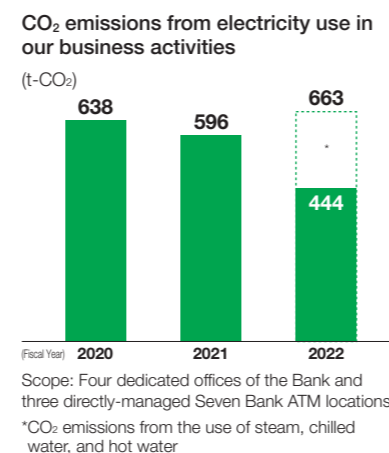
Climate change risks are incorporated into the company-wide risk management system as part of the process of identifying and managing climate-related risks, as the section on the overall risk management policy in the "Basic Policy on Risk Control" requires the Bank to practice agile risk management by responding immediately to changes in the external and internal environment based on risk assessment results and monitoring.

Metrics and Targets

In order to hand down the rich global environment to future generations, Seven & i Group is working to achieve the target of "substantially no CO₂ emission associated with store operation" set in its environmental declaration "GREEN CHALLENGE 2050." As a member of the Seven & i Group, the Seven Bank Group is making strong efforts to reduce environmental loads.

The graph on the right shows Scope 2 CO₂ emissions (indirect emissions from use of electricity, heat, etc. supplied by other companies) from Seven Bank. In FY2022, the introduction of renewable energy at the head office contributed to the reduction of our CO₂ emissions from electricity use.

For FY2022, we also calculated CO₂ emissions from the use of steam, chilled water, and hot water. We are striving to publish appropriate indicators by upgrading our system for quantifying our CO₂ emissions.



Environmentally-friendly ATMs

Fourth-generation ATMs with smaller energy consumption

Since the initial stage of development, the fourth-generation ATM model released in 2019 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. To reduce energy consumption compared to the older models, and to realize the ATM of the future incorporating sophisticated components to enable such functions as facial recognition and Individual Number Card reading — to achieve these two goals, the development team revised circuit designs in the ATM and selected low-power-consumption parts wherever possible, collaborating with business partners. This reduced power consumption by 40% in the fourth-generation ATM model.



Reducing ATM slip waste

As part of our efforts to reduce ATM slips, in addition to providing buttons to allow customers to choose whether to print a slip upon each transaction, we have eliminated slips which were automatically printed in the event of a PIN error or an insufficient account balance since FY2021. This has resulted in an annual reduction of around 20 million slips compared to the figure before the elimination of slips for PIN errors and insufficient balances (FY2020). In addition, the number of vehicle dispatches due to slip paper shortage has been reduced by about 50% compared to FY2020, reducing CO₂ emissions.

Benefits of reducing ATM slips

- 1 Reduces paper use
- 2 Reduces the frequency of roll replacement
- 3 Reduces the number of vehicle dispatches due to ATM troubles
- 4 Reduces litter to improve customer experience

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. Once removed and collected, every part of an ATM is reused or recycled as resources. Thus, we achieve a recycling rate of around 100% for ATMs.



Environmental conservation activities for learning about environmental issues

Visit to an ATM recycling partner site

ATMs that are removed for replacement with the new fourth-generation ATMs and are collected and recycled by our business partners. Through what processes do our products become waste, and are recycled into resources? What kind of work is being done at recycling sites to realize a sustainable, circular society? With the cooperation of one of our business partners, members including primarily the management team spent half a day at a recycling site and pondered upon what we as individuals and a company could do to help realize a circular society.



Environmental conservation activities by employees

In cooperation with the Seven-Eleven Memorial Foundation, Seven Bank employees are working on environmental conservation activities. At the "Takaonomori Nature School" in Hachioji City, Tokyo, employees learned about biodiversity and engaged in forest conservation activities such as forest maintenance. At the "Seven Forest Shiga" in Shiga Prefecture, employees cleaned up the shores of Lake Biwa and learned about the life in Lake Biwa. These activities help raise the environmental awareness of every employee.



Corporate Governance

Management Members



Director
Yuji Hirako

Outside Director (Independent Officer)

Director
Etsuhiro Takato

Outside Director (Independent Officer)

Director
Yasuaki Funatake

Chairman and Representative Director

Director
Masaaki Matsuhashi

President and Representative Director

Director
Tami Kihara

Outside Director (Independent Officer)

Director
Tsuyoshi Kobayashi

Director

Audit & Supervisory Board Member
Kazuhiko Ishiguro

Full-time Audit & Supervisory Board Member

Audit & Supervisory Board Member
Chieko Ogawa

Outside Audit & Supervisory Board Member
(Independent Officer)

Director
Yukiko Kuroda

Outside Director (Independent Officer)

Director
Makoto Kigawa

Outside Director (Independent Officer)

Audit & Supervisory Board Member
Hideaki Terashima

Outside Audit & Supervisory Board Member
(Independent Officer)

Audit & Supervisory Board Member
Ryoji Sakai

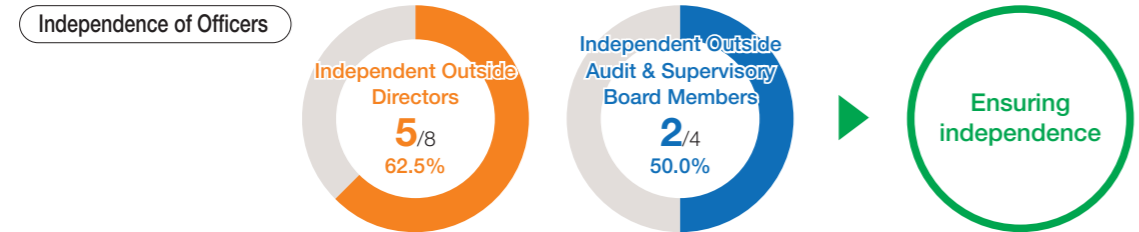
Full-time Audit & Supervisory Board Member

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.

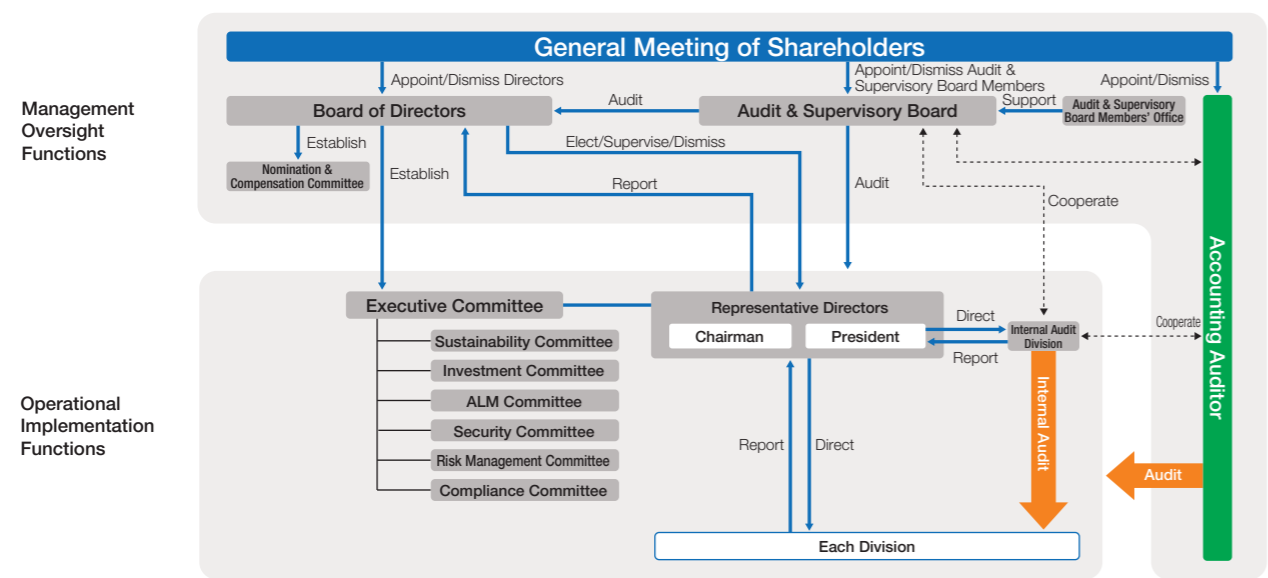
The Bank also adopts the organizational form of a Company with Audit & Supervisory Board. At the Board of Directors, the Bank ensures effective corporate governance through decision making by Directors with executive authority over operations who are well versed in the Bank's operations and Outside Directors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



Main Items and Descriptions

Organizational design Company with Audit & Supervisory Board	Number of meetings of the Board of Directors Average attendance of Outside Directors 97.1% of 14 meetings Fiscal 2022	Number of meetings of Audit & Supervisory Board Average attendance of Outside Audit & Supervisory Board Members 100.0% of 16 meetings Fiscal 2022
Advisory body to the Board of Directors Nomination & Compensation Committee	Chairperson of the Nomination & Compensation Committee Independent Outside Director	Proportion of female Officers 25% (3 of 12)

Corporate Governance Structure (As of June 19, 2023)



1 Board of Directors

The Bank's Board of Directors consists 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

- Sustainability promotion plan
- Revision of the Charter of Ethics
- Group engagement survey
- Establishment of a special committee on an acquisition project
- General framework to aim for toward FY2025
- Plan for FY2022
- Review of the first half of FY2022 and action plan for the second half
- Subsidiary investment/impairment loss
- Acquisition of a credit card company/small amount short term insurance provider
- Information sharing on investor responses etc.

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 the 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 consists 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
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	Tsuyoshi Kobayashi	○		
Outside Director	Makoto Kigawa	○	◎	
Outside Director	Yukiko Kuroda	○	○	
Outside Director	Etsuhiro Takato	○		
Outside Director	Yuji Hirako	○		
Outside Director	Tami Kihara	○		
(Executive Officer)	13 other persons			○

◎ Chairperson
○ Member
△ Observer

Corporate Governance

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 FY2022, 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. In FY2023, with new Outside Directors and a new Outside Audit & Supervisory Board Member 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 Added a new Outside Director with expertise in IT to enhance the Officers' skill matrix, and increased diversity among the members of the Board of Directors by increasing the proportion of female members.
- 2 Reconsidered the types of issues that should involve the Board of Directors based on the opinions of the Board of Directors
- 3 By holding "Officers Discussions" regularly as a place for strategic discussion, which discussed themes relevant to management as well as invited newly appointed general managers and subsidiary presidents to brief the Board of Directors on their operations, we strived to reduce information asymmetries thorough direct information from the managerial employees close to the front lines, while providing opportunities for direct dialogue with future executive candidates.

Evaluation of effectiveness of the Board of Directors

The Seven Bank has conducted "evaluation of effectiveness of the Board of Directors" since FY2015. In FY2022, we increased the number of survey items significantly to identify a wider range of issues. An anonymous questionnaire survey was conducted for Directors and Audit & Supervisory Board Members about the operation of the Board of Directors, the composition of the Board of Directors, agendas of the Board of Directors and other items. The results were deliberated at the Board of Directors.

Results of the evaluation for FY2022

The Bank's Board of Directors has been fulfilling both its decision-making and supervisory functions as all Directors share its roles and responsibilities and conduct deliberations from diverse perspectives through free and open discussions based on the members' respective knowledge and expertise. Thus, it was confirmed that the Board of Directors has been operating appropriately, thereby ensuring its effectiveness. Details of initiatives concerning the priority matters are as follows.

Priority matters for FY2021	Details of initiatives in FY2022
Advance governance in the Seven Bank Group	Nominated candidates for newly appointed Directors to ensure diversity among the members of the Board of Directors. Reconsidered the types of issues that should involve the Board of Directors based on the opinions of the Board of Directors.
Continue and enhance strategic discussion, etc.	Discussions on specific themes such as management plans, issues for our business management, and timely topics stimulated discussions at the Board of Directors Meetings.
Continue to make executive personnel explain operations	Invited newly appointed general managers and subsidiary presidents to brief the Board of Directors on their operations, with an intention to reduce information asymmetries thorough direct information from the managerial employees close to the front lines, as well as to provide opportunities for direct dialogue with future executive candidates.

Priority matters for FY2023

- 1 Advance governance in the Seven Bank Group
 - Set appropriate themes for discussion at the Board of Directors, further enrich discussions, increase diversity among Board members and executives
- 2 Enhance opportunities for exchange of views and interaction with executive personnel
 - Provide opportunities for briefing on operations and information sharing by executive personnel, and organize opportunities for exchange of views and interaction with executive personnel
- 3 Activities for constructive dialogues with shareholders and investors
 - Share the status of dialogues with shareholders and investors with the Board of Directors, and hold strategic discussions in light of the voices of the capital market

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.
	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.
	Etsuhiro Takato	Mr. Etsuhiro Takato's experience and insight in corporate management, marketing, and global duties at Ajinomoto Co., Inc. have genuinely contributed to the Bank's management.
	Yuji Hirako 	The Bank can expect Mr. Yuji Hirako's experience and insight in corporate management at ANA HOLDINGS INC., etc. to contribute to the Bank's management.
	Tami Kihara 	The Bank can expect Ms. Tami Kihara's experience and insight in corporate management at Ricoh IT Solutions Co., Ltd. and human resource strategy at Ricoh Company, Ltd. 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 genuinely contributed to audits of the Bank's management.
	Chieko Ogawa 	The Bank can expect Ms. Chieko Ogawa's international insight nurtured in her career as a Certified Public Accountant to contribute 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 ethos and corporate culture, while providing information on the Bank's business environment and other issues on a continuous basis.
- 5 Maintain and improve the environment for Outside Officers to mutually share information and exchange ideas, such as by holding periodic meetings with Executive Officers and/or other Non-Executive Officers.
- 6 Bear the expenses for Outside Officers to fulfill their roles.

Corporate Governance

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 Member	●	—	—	

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 below 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.

In addition to the existing malus clause, the Bank will introduce a clawback clause that allows the Bank to require Directors to repay performance-based stock compensation in the event of falling under certain circumstances such as gross negligence or fraud in relation to financial results, material revision of financial results, or violation of law or regulation. Compensation that may be subject to repay is performance-based stock compensation received as compensation for the fiscal year in which the relevant circumstances arose and the three preceding fiscal years. This provision applies to performance-based stock compensation granted as compensation for the fiscal year ending March 31, 2024 and all periods thereafter.

● Evaluation indicators for variable compensation (performance indicators) and evaluation method

Consolidated ordinary income and consolidated ordinary profit are used as the evaluation indicators to take account of both sales size and profitability aspects with a good balance (employee engagement will be added as an evaluation indicator to be reflected by the performance-based stock compensation points granted for the fiscal year ending March 31, 2024 and thereafter).

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 (employee engagement will be added as an evaluation indicator to be reflected by the performance-based stock compensation points granted for the fiscal year ending March 31, 2024 and thereafter) ● 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, 2022 to March 31, 2023)

Evaluation indicators	Target value (Millions of yen)	Result (Millions of yen)	Degree of target achievement (%)
Consolidated ordinary income	149,000	154,984	104.0
Consolidated ordinary profit	28,000	28,924	103.3

Corporate Governance

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 46.28% 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."

(Quoted from the website of Seven & i Holdings Co., Ltd.)

Directors and Officers

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

Directors (As of July 1, 2023)

Makoto Kigawa

Outside Director
(Independent Officer)

Attendance
Board of Directors: 13 out of 14 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 Advisor, YAMATO HOLDINGS CO., LTD., Director, Oki Electric Industry Co., Ltd, Outside Director, The Higo Bank, Ltd., and External Board Member, ICMG Co., Ltd.

Yukiko Kuroda

Outside Director
(Independent Officer)

Attendance
Board of Directors: 14 out of 14 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, Independent Director, Obayashi Corporation, and Director, Oracle Corporation Japan.

Etsuhiro Takato

Outside Director
(Independent Officer)

Attendance
Board of Directors: 11 out of 11 meetings



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 Director, Milbon Co., Ltd. and Director, TOKYO VERDY, Inc.

Yuji Hirako

Outside Director
(Independent Officer)

Attendance
Board of Directors: 11 out of 11 meetings



After serving in a number of important positions, including President and CEO, ALL NIPPON AIRWAYS, CO., LTD., Mr. Hirako was appointed as Director of the Bank in June 2023, to the present. He concurrently serves as Member of the Board, Vice Chairman, ANA HOLDINGS INC., and Director, JVCKENWOOD Corporation.

Tami Kihara

Outside Director
(Independent Officer)



After serving in a number of important positions, including General Manager of Digital Professionals Strategy Center of Digital Strategy Department, Ricoh Company, Ltd. and Director, Ricoh IT Solutions Co., Ltd., Ms. Kihara was appointed as Director of the Bank in June 2023, to the present.

Tsuyoshi Kobayashi

Director



After serving in a number of important positions, including Director, Executive Officer, Seven & i Holdings Co., Ltd., Mr. Kobayashi was appointed as Director of the Bank in June 2023, to the present. He concurrently serves as Managing Executive Officer, Head of Financial services and General Manager of Financial services, Seven & i Holdings Co., Ltd., Chairman and Representative Director, Seven Financial Service Co., Ltd., and Chairman and Representative Director, Seven Card Service Co., Ltd.

Yasuaki Funatake

Chairman and Representative
Director

Attendance
Board of Directors: 14 out of 14 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

Attendance
Board of Directors: 11 out of 11 meetings



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, 2023)

Hideaki Terashima

Outside Audit & Supervisory Board
Member (Independent Officer)

Attendance
Board of Directors: 14 out of 14 meetings
Audit & Supervisory Board: 16 out of 16 meetings

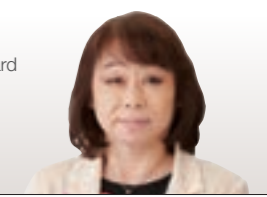


After serving in a number of important positions, including Professor, Legal Training and Research Institute of Japan, Supreme court of Japan, and Professor, Law School, Senshu University, Mr. Terashima was appointed as Audit & Supervisory Board Member of the Bank in June 2019, to the present. He concurrently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

Chieko Ogawa

Outside Audit & Supervisory Board
Member (Independent Officer)

Attendance
Board of Directors: 14 out of 14 meetings
Audit & Supervisory Board: 16 out of 16 meetings



Certified Public Accountant and Certified Tax Accountant. Ms. Ogawa was registered as a Certified Public Accountant in 2005, as a Certified Public Accountant in Washington State, United States in 2010, and as a Certified Tax Accountant in 2014. She was appointed as Audit & Supervisory Board Member of the Bank in June 2023, to the present. She concurrently serves as Head of Ogawa CPA Office and Member of the Board (Member of the Audit & Supervisory Committee), Yorozu Corporation

Kazuhiko Ishiguro

Full-time Audit & Supervisory
Board Member

Attendance
Board of Directors: 14 out of 14 meetings
Audit & Supervisory Board: 16 out of 16 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: 14 out of 14 meetings
Audit & Supervisory Board: 16 out of 16 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)	Yukiko Kuroda				○	○		
Outside Director (Independent Officer)	Etsuhiro Takato	○	○		○			
Outside Director (Independent Officer)	Yuji Hirako	○			○		○	
Outside Director (Independent Officer)	Tami Kihara			○		○		
Director	Tsuyoshi Kobayashi	○			○		○	
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)	Chieko Ogawa						○	
Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro			○				○
Full-time Audit & Supervisory Board Member	Ryoji Sakai				○		○	○

Executive Officers (As of July 1, 2023)

Senior Managing Executive Officer (Special Assignment, Director and Executive Vice President, Seven Card Service Co., Ltd.)	Hisanao Kawada	Managing Executive Officer (In charge of General Affairs Division and Human Resources Division)	Kazutaka Inagaki	Managing Executive Officer (Special Assignment, President and Representative Director, Bank Business Factory Co., Ltd.)	Kenichi Yamamoto	Managing Executive Officer (In charge of ATM Platform Promotion Division, ATM Operations Management Division, and Business Support Division, and General Manager, ATM Platform Promotion Division)	Hiroshi Takeuchi
Managing Executive Officer (In charge of ATM Solution Division and ATM+ Planning Division)	Koji Fukasawa	Managing Executive Officer (In charge of Global Business Development Division and General Manager, Global Business Development Division)	Tsuneo Nagashima	Executive Officer (In charge of Financial Solution Division)	Taku Takizawa	Executive Officer (In charge of Financial Strategy Promotion Division and General Manager, Seven Labo)	Kenjiro Nishii
Executive Officer (In charge of Planning Division and SDGs Promotion, and General Manager, Planning Division)	Ken Shimizu	Executive Officer (In charge of Seven Labo and Corporate Transformation Division)	Tomoaki Nakayama	Executive Officer (In charge of Risk Management Division and Financial Crime Risk Control Division, and General Manager, Risk Management Division)	Shinji Yamashita	Executive Officer (In charge of Banking Management Division)	Takashi Tsuzuura
Executive Officer (General Manager, Internal Audit Division)	Tomomi Hashizume						

Outside Directors Roundtable

We expect that the Seven Bank Group will further grow by seeking to meet the needs of society and create new value through leveraging the Bank's strengths.



Etsuhiro Takato
Outside Director
(Independent Officer)

Yukiko Kuroda
Outside Director
(Independent Officer)

Makoto Kigawa
Outside Director
(Independent Officer)

Please share with us your thoughts on the past year.

Kigawa: In FY2022, Masaaki Matsuhashi assumed the position of president and actively communicated his ideas within and outside the Company, which I feel has changed our atmosphere considerably. It's my view that office renovations and dress code changes have also been successful, and that we are moving away from the traditional image of a bank and cultivating a corporate culture in which everyone feels free to accept any challenge.

Kuroda: Over the past few years, as the cashless era has begun, we have been exploring different directions. In the midst of all this, we selected a certain direction was set and put a new structure in place to implement it. It was a year in which we could feel that we were finally beginning to move toward the second phase of growth. In that sense, we have entered a very exciting period.

Takato: Since I became a director of Seven Bank last year, this was a year of considerable learning for me. The role of ATMs—primarily used for cash deposits and withdrawals—is gradually evolving. Amidst these conditions, I really appreciate Seven Bank's attitude of reviewing its reason for being, discussing with top management and department heads how it should present itself to society, and doing its utmost to realize the next stage of growth.

How would you rate Seven Bank's governance structure?

Kigawa: I recognize that standard governance capabilities have been in place since I was first appointed to the board. As a general rule, bank governance requires risk-return balance. But in the first place, Seven Bank has had a business model under which 70% of its consolidated ordinary income is generated by its ATM

platform business. I honestly thought that because we have a stable profit structure in place, we should tackle additional risks and challenges, and reinforce our governance to do so.

Regarding the Board of Directors meetings, we requested the establishment of a forum through which we could hear the passionate thoughts of front-line employees, rather than a form of discussion in which the officers in charge simply offer a perfunctory explanation. After all, we can't really see the true picture of a company through the style of monthly board meetings where information is always shared by the same members. Therefore, we requested that time be allotted for executive discussions—independent of board meetings—so that we could exchange opinions not just the officer in charge, but also with the general managers and project managers, which gave us a clearer picture of the Company and its actual situation.

Kuroda: It is my view that the Board of Directors conducts very active discussions. I believe that, with respect to governance, the ultimate role of outside directors is the appointment and dismissal of the CEO. I joined the Nomination & Compensation Committee last year, so I am well positioned to discharge that responsibility. Rather than having an outside director interfere, so to speak, in the details of the execution side and potentially cause problems, it is of utmost importance to closely monitor the selection of the CEO to ensure that the most suitable person is chosen. Given this, I think the number of outside directors on the Nomination & Compensation Committee should be considered at some point.

Moreover, Seven Bank is a financial institution with a banking license. At the same time, though, it is attempting to grow with the mindset of a venture business. In that sense, I believe that, as a bank, we have solid risk management oversight. Furthermore, regarding the other venture-like way of moving in the past year, I can sense a free atmosphere where new ideas can be born when looking at the casual attire of the members attending Board meetings and the employees at their workplaces. A dilemma we constantly face is the simultaneous oversight of seemingly conflicting activities—including the oversight of areas requiring sound protection and monitoring the cultivation of an environment that allows for the acceptance of new challenges—and I see this as a difficult task.

Takato: I feel that every company listed on the TSE Prime Market is trying to become an honor student, in a manner of speaking, with respect to governance. Naturally, a high incidence of scandals and excessive pursuit of profits is no way to secure corporate sustainability in society. At the same time, there is no clear answer as to how far governance should go to realize



both sound corporate management and sustainable growth, and there is no guarantee that all growth measures will succeed. One thing that can be said is that failure will always lead to the next stage of growth. I hope that Seven Bank will also maintain this type of forward-looking corporate posture, continuing to boldly accept challenges without being confined to the traditional financial institution framework.

Please share your perception of the growth strategy formulated to achieve the objectives of the new Medium-Term Management Plan.

Acquisition of Seven Card Service

Kuroda: There was rather animated discussion in ad hoc committees and Board of Directors' meetings as to who would benefit from the acquisition.

Takato: Initially, the acquisition was regarded as rather abrupt. An acquisition will not be successful unless everyone is convinced that the strategy supports their own growth and everyone is involved. This is a valuable opportunity that could make a big difference in the next couple of years, and I hope that everyone involved will do their absolute best.

Kigawa: I felt like the Company had finally arrived. For some time, we have focused on the direction in which the Seven & i Group is headed with regard to its financial business and how Seven Bank will position itself in that business. I believe it is advantageous for Seven Bank to be able to formulate a growth strategy that leverages group synergies by merging its bank and non-bank businesses. We expect that this deal will be significant as we implement our growth strategy going forward, in line with the Medium-Term Management Plan.

Outside Directors Roundtable

ATM+

Kuroda: The ATM service platform business is one of the initiatives that has taken shape as a certain direction as we move into the era of cashless settlement. Monetization is the real challenge. There are considerably high expectations concerning the possibility of ATMs being integrated into users' daily routines as more services that leverage the ATM's authentication functionality become available. Also, the new ATMs are not only functional, but also superior in terms of design. The attention to detail in the engineering of ATMs is so great that when you use the new machines, you can actually feel the technical artistry. I feel that the design also reflects the strength of Seven Bank: its determination to effect tangible change on the world with its ATMs. From that perspective, I have high hopes for Seven Bank's ATM business going forward.

Kigawa: First of all, ATMs are teller machines that are mechanized versions of bank windows. They are machines that allow cash deposits and withdrawals using the appropriate bank's cash card. Now that we are offering other services, I'm not certain the name ATM is appropriate anymore. Since the social recognition of ATMs is overwhelming, however I suggested that we should at the very least emphasize the "+" part. Bank ATM fees are only going to continue rising, so I hope other positive features will boost the number of ATMs used.

Takato: I only use ATMs when I need to withdraw cash. It sure would be expedient, however, if all administrative applications and documents could be issued at convenience stores. It appears the technical mechanism is ready to be addressed, but I still think there are safety and security issues to be dealt with.



Kigawa: Administrative services tend to deteriorate gradually, particularly in sparsely populated rural areas. There are also convenience stores in such rural areas, and it seems that attempts are beginning to be made for these stores to serve as administrative service contact points. Our hopes remain high for the Group's strategy of integrating the administrative services of Seven Bank ATMs and 7-Eleven multi-purpose copy machines.

Overseas Business

Kuroda: The U.S. is concerned about rising interest rates. And, while ATM installation is steadily expanding in Asia, traditional ATM services will have to evolve going forward. Since cash is not generally required in emerging countries, we believe that this discussion needs to be revived, including future strategies. Once we have established the ATM platform for overseas operations, I believe that we can bolster cooperation with overseas offices and regard overseas operations as a source for idea exchange and innovation development through diversity.

Kigawa: During the Medium-Term Management Plan discussions, the proportion of Seven Bank's consolidated ordinary income accounted for by overseas business in the future was set as a target figure, but we believe that excessive investment resulting from having made this an objective is a risk that exists. The issue in developing business overseas is the extent to which the Company will bear the incumbent risk. Another option is the formation of alliance strategies, including localization. Since finance today is borderless, it would be great if we could also discuss the form of a global strategy for business development in the manner most appropriate for each country.

Takato: I concur that having Seven Bank bear the associate risk on its own is not necessary. In a business alliance, the ideal is to aim for business expansion while asking partner companies to bear the risk inherent in each country, and to eventually collaborate in drawing up a growth strategy with an eye toward localization.

Kigawa: Since our Asian business is still in the aggressive stage, I think following the current strategy is acceptable. Once business expands to a certain extent, however, the pace of growth will slow down. We then need to consider the form we want the business to take. We have heard that there is considerable interest from investors.

Kuroda: This is why I believe it is crucial to have a strategy to implement following the construction of the platform. We can consider introducing services based on the knowledge accumulated here in Japan. Circumstances and regulations vary from one country to the next, though, so we may have to devise completely

new service ideas. To fully leverage diversity with the aim of sparking innovation, it would be good to have an environment where efforts in each country are shared company-wide and serve as a mutual stimulus.

What are your views on Seven Bank's corporate and organizational cultures?

Takato: Business growth and organizational revitalization are inextricably linked. It takes a tremendous amount of energy to revitalize an organization, the responsibility for which is borne by each individual employee. I think it is necessary for employees to share a variety of opinions, even if the discussions are not always pleasant. This will result in the clarification of the goals to be accomplished by each person, and make each individual responsible for the achievement of those objectives. This is another reason we feel that we must continue investing in our organization and its people.

Kuroda: To me, Seven Bank is a purpose-driven company. While it is important to achieve the goal of ¥250 billion in consolidated ordinary income for FY2025—the set in the Medium-Term Management Plan—the basic principle is for all employees to pursue the Company's Purpose, and these efforts should generate the desired figures. Anyone can think about what they wish they had, but going beyond simply wishing is a commendable purpose. The realization of this Purpose requires the activation of imagination. If all employees were to realize this Purpose and activate their imagination, a succession of new business opportunities would arise, naturally generating results.

Kigawa: I believe that the growth of a company requires three elements. The first is the sharing of the management ethos with employees. The second is employees working energetically. The third is top management leading the way with exciting management strategies and concrete action. Viewing Seven Bank through that lens, with regard to the first element, the Purpose is firmly entrenched. Concerning the second element, improvement in engagement scores is evidence that employees are working with enthusiasm. And, looking at the third element, the Medium-Term Management Plan provides a clear direction. With the addition of Seven Card Service to the Group this fiscal year, it would be even better if we could incorporate the strategy for our domestic retail business into a concrete action plan. We hope that the integration of the two companies has created a free-spirited environment within which we can undertake the development of new financial services. Viewed in this way, I believe that Seven Bank is a company that will continue to grow.



Please share your expectations for Seven Bank going forward.

Takato: I believe that identifying the biggest priorities currently faced and investing resources in those priorities with the aim of realizing future growth will enable both the company and its employees to achieve that growth. I want all people working at Seven Bank to have hope, courage, and dreams.

Kuroda: I also believe that there is ample room for growth at Seven Bank. Although we have very high expectations for Seven Bank—including the new value creation of ATM+ and the retail business that merges retail and finance by integrating bank and non-bank business—we believe that valuation in the stock market remains a challenge. We hope that investors will grasp this sense of excitement and anticipation we are experiencing.

Kigawa: We appreciate the unique position of Seven Bank, which is a bank, but not in the strictest sense. I look forward to working with everyone to create a new vision for the Seven Bank of tomorrow by combining ATMs—an essential element of social infrastructure—with new financial services and the knowledge accumulated from our overseas business.

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.

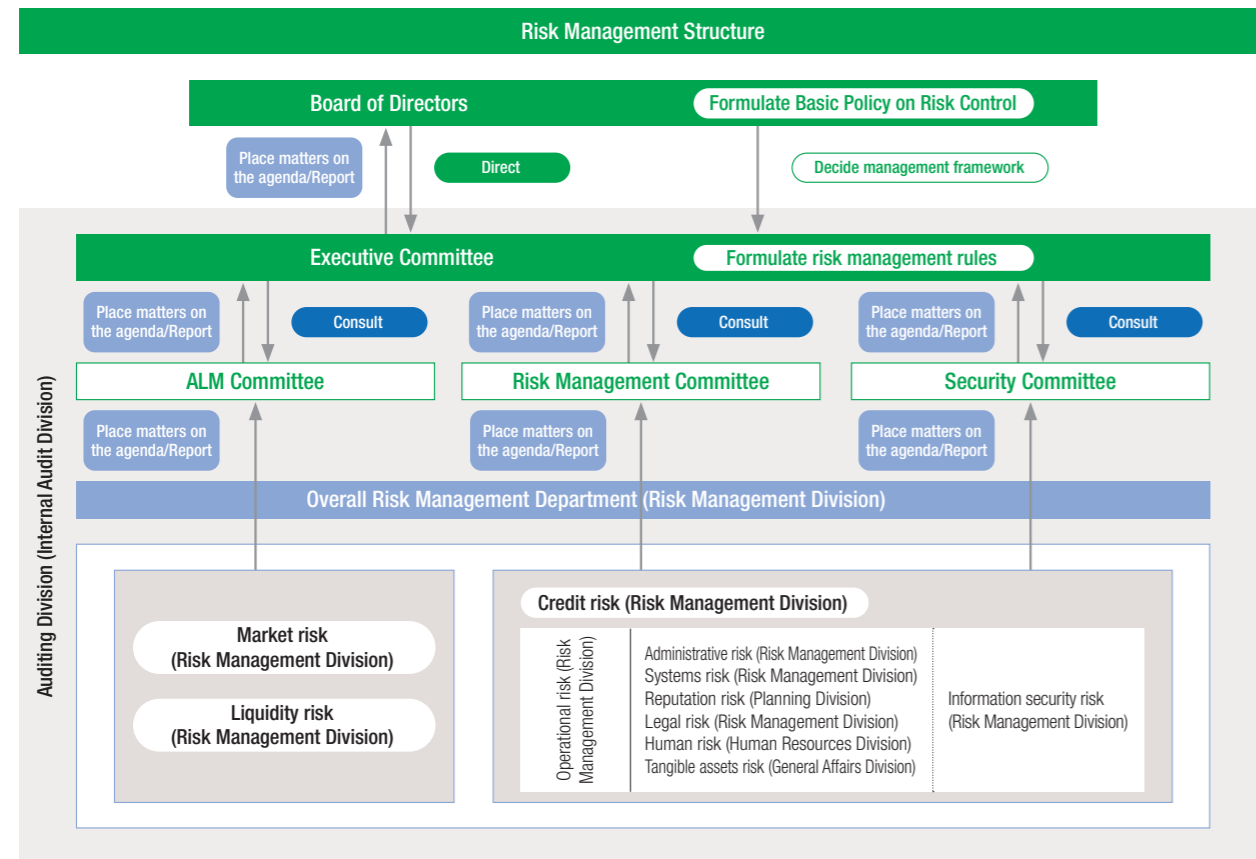
Shinji Yamashita

Executive Officer in charge of Risk Management Division and Financial Crime Risk Control Division

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.

In FY2022, in light of the increase in the number of consolidated subsidiaries and expansion of our business, we strengthened the Seven Bank Group's risk management system.



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

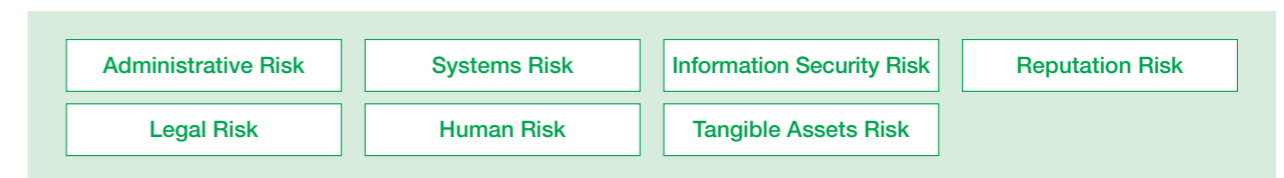
It is stipulated that the limits on the maximum level of funds at risk, the market position limits and the loss allowance limits shall be set. The Risk Management Division measures and monitors market risk on a daily basis in light of these limits and reports the results to management, including the 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, as attacks targeting at broader areas of services and systems are necessitating appropriate measures to ensure security, we have established a dedicated team for cyber security management in order to protect the Group's information assets such as customer information from various threats. We have established Cybersecurity Risk Rules while enhancing our structure for security management, which include holding Security Committee meetings at least once in every quarterly period to discuss effective security measures.

Risk Management Initiatives

Initiatives for Enhancing Cyber Security

The dedicated team for 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 services and systems, including cyber attacks, skimming, fake cards, unauthorized access, and information leakage.

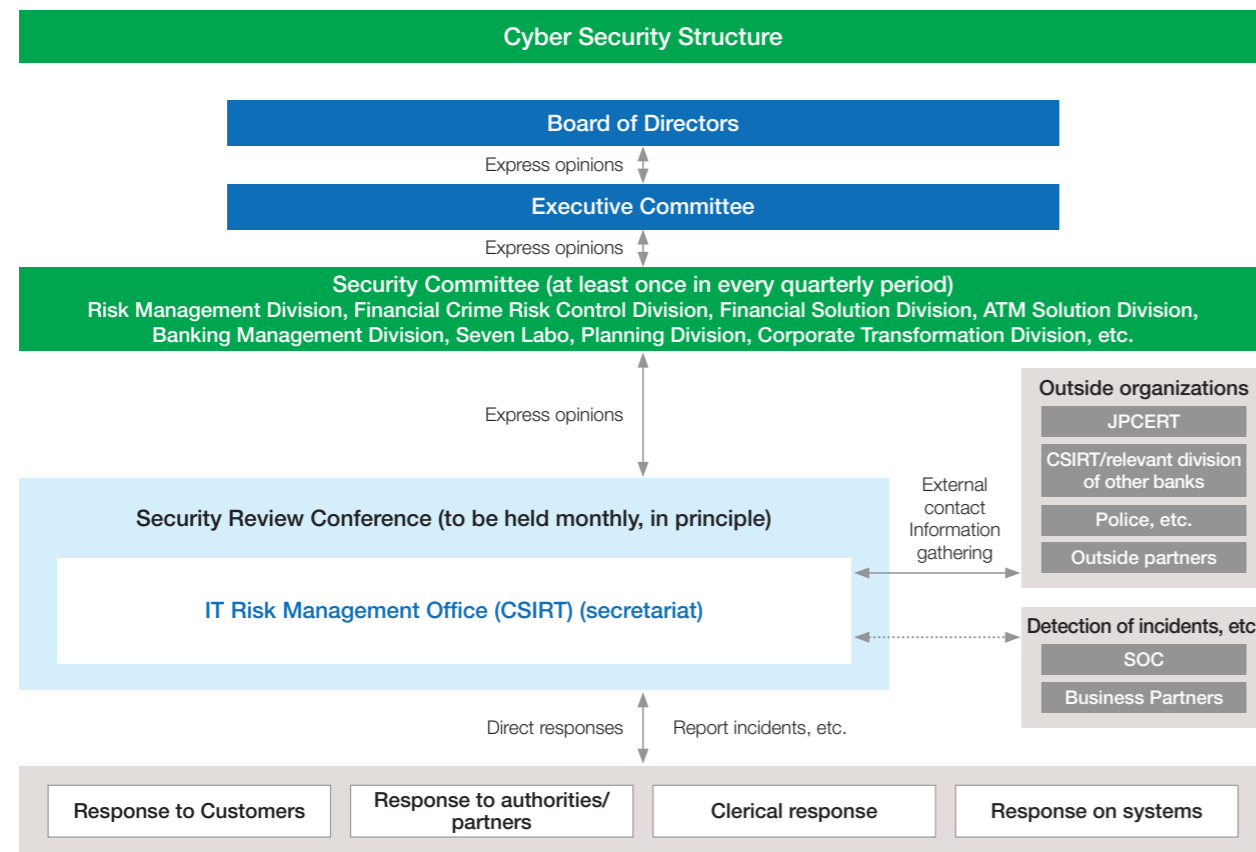
Believing the balanced combination of human resources, mechanism, and technology is necessary to maintain security, the Bank is working on each of them.

Major initiatives

Human resources: Create security-conscious corporate culture, develop personnel for security, conduct trainings and drills

Mechanism: Improve rules/procedures on which governance is based, practice Security by Design

Technology: Respond to results of the Bank-wide security diagnosis



Establishment of Business Continuity Plan (BCP)

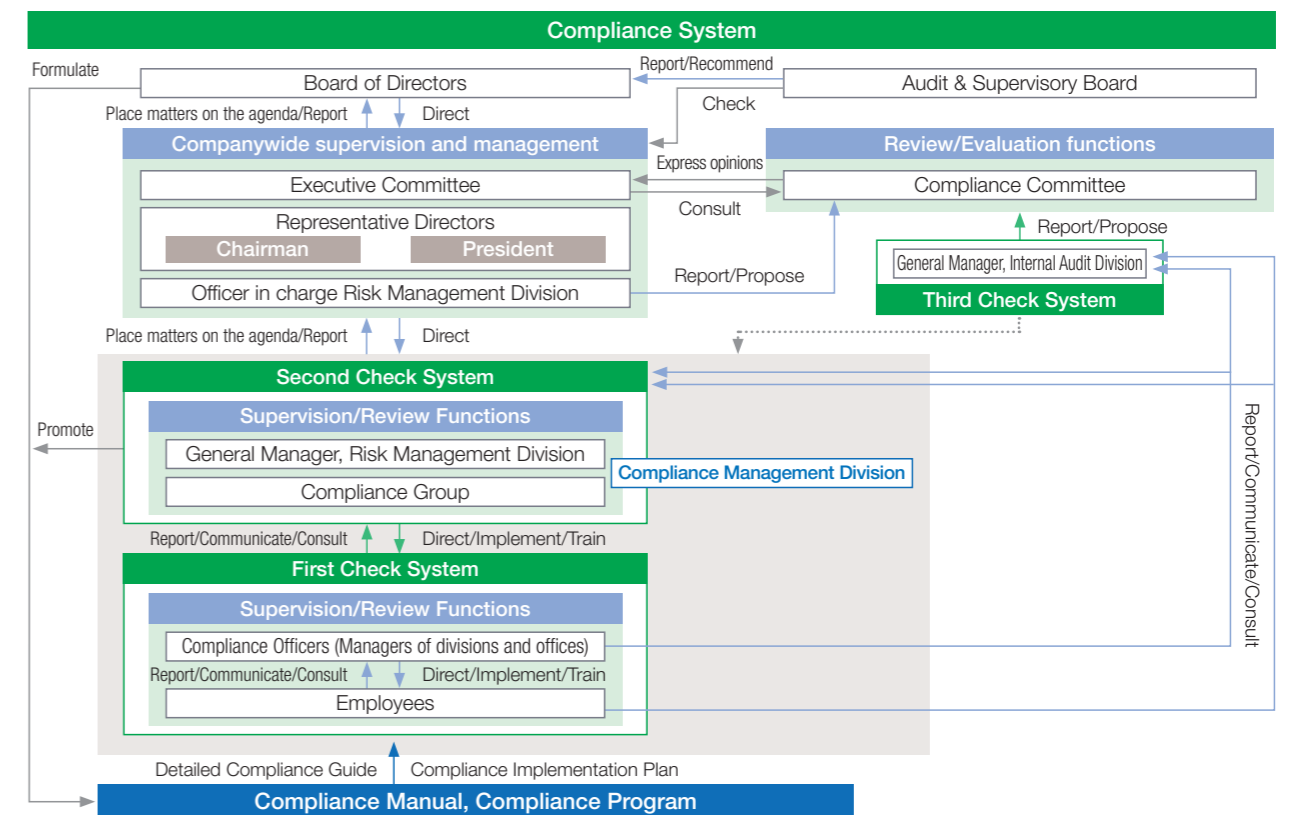
To fulfill our social responsibility as a bank, Seven Bank has defined the following three operations as top priorities for continuity in the event of a disaster, large-scale accident, or other crisis: the ATM business; the fund settlement business serving banks and ATM partners; and withdrawals from 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 counter-measures therefor. The Committee reports, considers, and evaluates important compliance-related matters which should be treated as management issues.

Major Agendas of Compliance Committee in FY2022

- Results and plans of compliance program
- Operation of the compliance consultation system
- Revision of Compliance Manual
- Response for customer protection
- Responses to financial crimes and antisocial groups
- Management of outsourcing contractors

Compliance Initiatives

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	Improving the effectiveness of the information management structure
Anti Money Laundering/Countering the Financing of Terrorism (AML/CFT)	Sophisticating the AML/CFT management structure based on the Criminal Proceeds Transfer Prevention Act*1 and the Foreign Exchange Act*2 *1 The Act on Prevention of Transfer of Criminal Proceeds ("Criminal Proceeds Transfer Prevention Act") *2 Foreign Exchange and Foreign Trade Act ("Foreign Exchange Act")
Foreign Account Tax Compliance Act (FATCA)	Accurate annual FATCA reporting
Management of outsourcing contractors	Improving the effectiveness of the outsourcing contractor management structure
Harassment prevention measures	Proper implementation of harassment prevention measures

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 rejects the account application and closes 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.

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 booklets 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 Business Partner Helpline (a consultation and reporting contact point for all Seven & i Group companies) has been established for suppliers.



Groupwide Employee Helpline

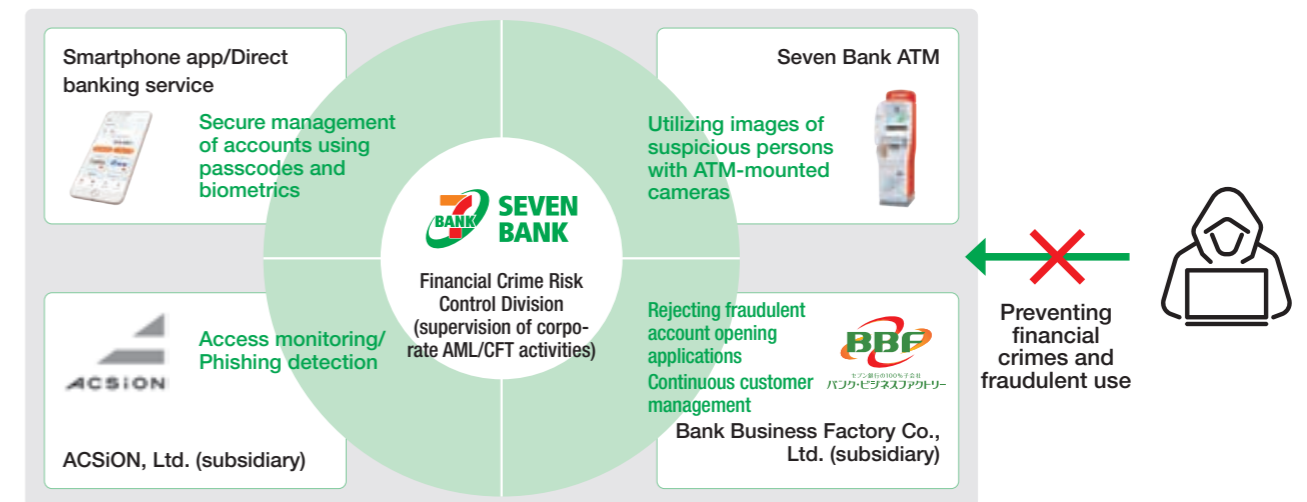
Business Partner Helpline

Prevention of Financial Crimes

Seven Bank is proactively working to prevent financial crimes to ensure all customers can use its services securely by leveraging the know-how it has accumulated in financial crime prevention, a network of more than 27,000 ATMs across Japan, and the Seven Bank Group's expertise in developing IT solutions.

Initiatives for preventing financial crimes

Recently, financial crimes and fraudulent transactions targeting financial institutions and their customers are becoming increasingly crafty and frequent. Seven Bank, recognizing the specialty of its banking business based on non-face-to-face transactions primarily through ATMs, focuses on preventing financial crimes and protecting customers' assets, in order to ensure that customers can use the bank's services with security. Specifically, we have the Financial Crime Risk Control Division as a dedicated unit to combat financial crimes, which prevents money laundering, eliminates fraudulent accounts and prevents communications fraud and other fraudulent activities, by monitoring and filtering transactions and watching social media for information on selling, buying or fraudulent use of accounts in cooperation with other divisions and subsidiaries, cooperating also with the police and other investigating authorities as appropriate.



For ensuring security for customers using ATMs

Seven Bank's ATMs are provided with measures against peeking at the keypad to make PINs or transaction amounts unviewable by others. These ATMs also display and sound alerts to prevent bank transfer frauds when customers attempt to transfer money. We also take measures to detect any suspicious object attached to an ATM and unusual transactions as well as to prevent unauthorized acquisition of credit card information (skimming) at all times.



Cooperation with the police, public bodies, partner financial institutions, etc.

Seven Bank has received a letter of appreciation from the police for its contribution to the detection of financial crimes by cooperating in more than 90,000 cases a year, which includes providing information about ATM camera images and account transactions as requested by the police, the Regional Taxation Bureaus, bar associations, and other public bodies nationwide.

In August 2022, ACSION, our security subsidiary, signed an agreement on joint response to cybercrimes with the Tokyo Metropolitan Police Department, which highly evaluates the fraud detection technology the company has developed over the years, to further strengthening our cooperation with the department.

In addition, we are seeking to strengthen our relationships with external parties and willing to mutually utilize and accumulate know-how from each other, for example, by hosting training sessions for working police officers and financial crime prevention staff from partner financial institutions.



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Management's Discussion and Analysis

Fiscal year ended March 31, 2023: FY2022
Amounts less than one unit have been truncated.

Summary of Fiscal 2022

Despite the ongoing concern for the spread of COVID-19, the Japanese economy showed signs of recovery mainly in personal consumption due to no behavioral restrictions such as quasi-emergency COVID-19 measures aiming for balancing infection control and economic activities. However, attention has been required to the impact on household economy of rising prices and supply-side constraints due to increased energy costs and raw material prices resulting from fluctuations in exchange rates on top of the uncertainty arising from issues such as the situation in Ukraine.

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 results for fiscal 2022, due to an increase in profit mainly resulting from the impact of fluctuations in exchange rates on overseas subsidiaries as well as an increase in the total number of ATM transactions resulting from continued growth of demand for funds due to the restored movement of people, ordinary income was 154,984 million yen, ordinary profit was 28,924 million yen, and net income attributable to owners of the parent was 18,854 million yen.

As for the Bank's non-consolidated business results, ordinary income was 120,509 million yen, ordinary profit was 31,500 million yen, and net income was 19,508 million yen.

A summary of operating results by segment is as follows.

(1) Domestic Business Segment

During the consolidated fiscal year under review, the total number of ATM transactions was significantly higher than in the previous fiscal year due to a continued steady increase in the number of transactions using the Bank's ATMs to charge cash into various cashless settlement methods in addition to an increase in the number of transactions at financial institutions for deposits and savings.

In addition to creating an environment where one can receive services anytime and anywhere through the joint operation of ATMs and the active installation of ATMs outside the group, the Bank's group has steadily proceeded with the advancement of ATMs to "ATM+" to expand the possibilities of ATMs by starting services enabling application through ATMs for using an Individual Number Card as a health insurance card and Mynportal information sharing services, and launching full-scale services to accept various applications to financial institutions through ATMs.

The number of our ATMs installed reached 26,913 as of March 31, 2023 (up 2.5% compared with the end of March 2022). The average number of daily transactions per ATM was 101.5 (up 5.1% year over year), and a total of 980 million ATM transactions were recorded (up 7.7% year over year).

As of March 31, 2023, we had partnered with 640 financial institutions, etc.* and the number of fourth-generation ATMs installed was 13,419 as of March 31, 2023 (up 31.8% compared with the end of March 2022).

Due to fluctuations in exchange rates and the resulting trends in raw material prices as well as the impact of COVID-19, 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 a service platform.

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

As of March 31, 2023, the number of individual customer accounts increased steadily to 2,755,000 (up 8.9% compared with the end of March 2022), and the balance of individuals' deposits was 575,600 million yen (up 4.5% year over year). As of March 31, 2023, the balance of loan services for individual customers was 35,100 million yen (up 25.1% year over year).

For the consolidated fiscal year under review, the total amount handled of the "Seven Bank Deferred Payment Service" was 45,900 million yen (up 118.7% compared with the previous fiscal year).

In November 2022, the Bank started "Shopping Investment Korekabu" service to provide securities trading services to Seven Bank account holders through "My Seven Bank" apps in collaboration with Smartplus Ltd.

Recognizing that changes in society are a business opportunity, the Bank aims to provide new financial services to meet the various needs of our customers in collaboration with external corporations while utilizing the Bank's know-how accumulated to date.

(2) Overseas Business Segment

Due to a backlash of economic stimulus measures such as the provision of benefits implemented by the United States government in the previous 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. In February 2022, FCTI, Inc. completed reorganization of ATMs with low profitability that were installed at locations outside of United States 7-Eleven stores. As of December 31, 2022, FCTI, Inc. had only ATMs installed inside 7-Eleven stores in the United States, the number of which was 8,643 (down 4.0% compared to December 31, 2021).

With regard to the business results of FCTI, Inc. for the consolidated fiscal year (from January 2022 to December 2022), due to factors such as an increase in interest expenses associated with a rise in the policy rate, partially offset by a decrease in expenses resulting from the reorganization of ATMs with low profitability installed outside of United States 7-Eleven stores, ordinary income was 186.3 million U.S. dollars (down 9.6% year over year), ordinary loss was 3.3 million U.S. dollars (ordinary profit of 16.4 million U.S. dollars in the previous fiscal year), and net income was 0.0 million U.S. dollars (down 99.9% 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 5,557 as of December 31, 2022 (up 117.8% compared to December 31, 2021).

Additionally, Pito AxM Platform, Inc., a consolidated subsidiary of the Bank in the Philippines, has successfully proceeded with the installation of ATMs at 7-Eleven stores in the Philippines, and the number of ATMs installed was 2,324 (up 86.0% compared to December 31, 2021) as of December 31, 2022.

Summary of Financial Position of Fiscal 2022

Assets

Total assets at the end of March 2023 were 1,312,273 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 952,027 million yen. The remainder mostly consisted of marketable securities of 99,651 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 98,296 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities

Liabilities were 1,058,031 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 820,758 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 452,691 million yen and the balance of individuals' time deposits was 122,974 million yen.

Net assets

Net assets were 254,242 million yen. Of these, retained earnings were 182,431 million yen. The consolidated capital adequacy ratio (domestic standard) was 46.51%.

Summary of Cash Flows of Fiscal 2022

Cash and cash equivalents increased by 18,852 million yen during the fiscal year under review to 950,256 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 66,577 million yen. Factors contributing to cash included a net increase in call money of 50,000 million yen and a net increase in deposits of 30,820 million yen. These factors exceeded factors using cash, such as 28,000 million yen in a net decrease in call loans and 20,000 million yen in a decrease in straight bonds – issuance and redemption.

Cash Flow from Investing Activities

Net cash used in investing activities was 36,191 million yen. Factors that used cash included purchase of securities of 48,079 million yen and purchase of tangible fixed assets of 13,328 million yen. These exceeded the factor that provided cash: proceeds from maturity of securities of 35,713 million yen.

Cash Flow from Financing Activities

Net cash used in financing activities was 12,973 million yen, due to factors including 12,973 million yen in dividends paid.

Outlook for Fiscal 2023

As for the consolidated business results for fiscal 2023, we forecast ordinary income of 166,500 million yen (up 7.4% year over year), ordinary profit of 24,500 million yen (down 15.2% year over year), and net income attributable to owners of the parent of 16,500 million yen (down 12.4% year over year).

As for the non-consolidated business results of the Bank for fiscal 2023, we forecast ordinary income of 123,000 million yen (up 2.0% year over year), ordinary profit of 26,000 million yen (down 17.4% year over year), and net income of 18,000 million yen (down 7.7% year over year).

For fiscal 2023, we will continue to work on expanding the number of ATMs installed and promoting their use. We plan to install approximately 27,598 ATMs (up 2.5% compared to March 31, 2023) with a total number of ATM transactions of approximately 1,005 million (up 2.5% year over year) and the average number of daily transactions per ATM of approximately 101.2 (down 0.2% year over year). We will also work to expand the number of ATMs installed in Asia, and plan to install approximately 8,550 ATMs (up 53.8% compared to December 31, 2022) in Indonesia, and approximately 3,016 ATMs (up 28.6% compared to December 31, 2022) 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.

The impact of the acquisition of shares of Seven Card Service Co., Ltd., which was announced on April 6, 2023, and of the resulting change in subsidiaries on the Bank's consolidated financial results for fiscal 2023 is under scrutiny and will be announced when the financial results for the first quarter are announced.

(Consolidated business results forecast)

	Fiscal 2023	
		Year-over-year change
Ordinary income	166,500 million yen	Up 7.4%
Ordinary profit	24,500 million yen	Down 15.2%
Net income attributable to owners of the parent	16,500 million yen	Down 12.4%

* Foreign exchange rate assumed: USD1.00 = JPY135.00

(Non-consolidated business results forecast of the Bank)

	Fiscal 2023	
		Year-over-year change
Ordinary income	123,000 million yen	Up 2.0%
Ordinary profit	26,000 million yen	Down 17.4%
Net income	18,000 million yen	Down 7.7%

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 and bar-code settlement, ATM pick-up (cash receiving services), and transactions using Individual Number Cards 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, 2023, the Company controls 46.28% 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, 2023, Seven Bank had installed 23,307 ATMs at the Group stores (22,619 ATMs at 7-Eleven stores, 263 ATMs at Ito-Yokado stores, and 425 ATMs at other locations in the Group). In addition, the Bank has installed 3,606 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 individual, 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 stable 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, on social media, 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

As a response to outbreaks and spread of infectious diseases, Seven Bank has established a system to prevent infections for its employees and external contractors, by implementing such measures 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 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 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 of climate change on its business activities and disclose the results as they become available.

Status of the Corporate Group

The Bank's group comprises 14 companies, i.e., the Bank and its nine 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., Credd Finance, Ltd., and Viva Vida Medical Life Co., 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 stores such as 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.

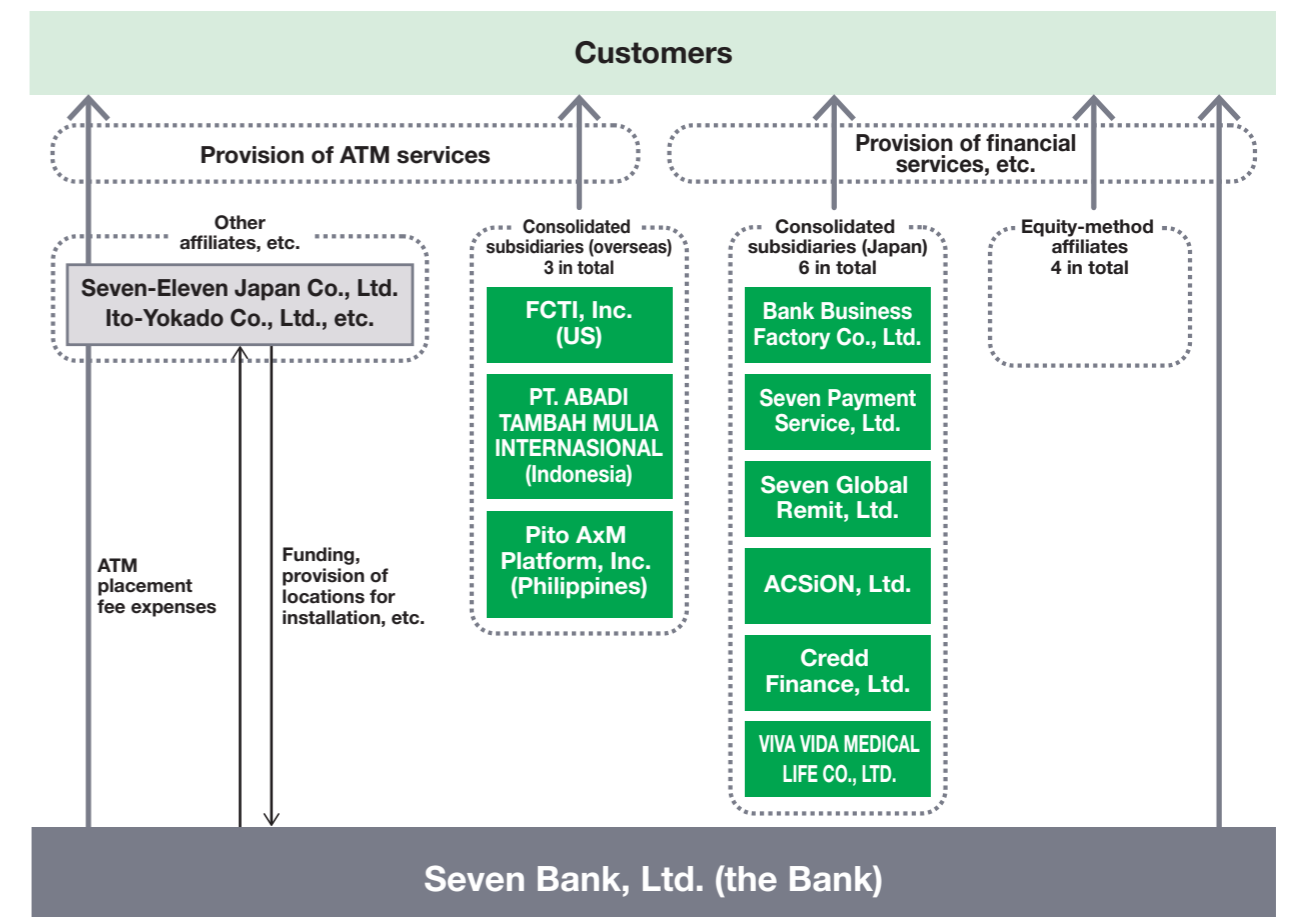
(2) Overseas Business Segment

FCTI, Inc., a consolidated subsidiary of the Bank, is working on installing ATMs at 7-Eleven stores in the United States, and developing ATM services.

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 7-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 7-Eleven convenience stores.

The Bank operates under an ethos of coexistence and 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 had earlier set the following consolidated KPIs for the final year of the plan. However, based on the progress of its current business performance, the Bank announced on May 12, 2023 that it would update these KPIs.

	Results for FY2022	Target for FY2025 (as originally planned)	Target for FY2025 (updated)
Consolidated ordinary income	154,900 million yen	170,000 million yen	250,000 million yen
Consolidated ordinary profit	28,900 million yen	35,000 million yen	45,000 million yen
ROE	7.6%	8.0% or more	8.0% or more

(3) Management Issues

The business environment surrounding the Bank's group is undergoing rapid changes, including soaring prices and rising interest rates both at home and abroad, diversification of payment methods due to the development of digital technology, the entry into the financial sector of businesses from other industries, and heightened awareness of environmental and social issues. The Group recognizes that there is a need for flexible management that is more than ever sensitive to changes in society and diversification of customer needs and rapidly incorporates 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 grow in a sustainable manner and to materialize the second phase of growth. 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 sees changes in the business environment as opportunities for further reform and leap, and by addressing the following issues, the group will aim to realize sustainable growth and continue to be a company that is needed by customers and society.

<Domestic Business Segment>

■ ATM Platform Strategy

- Although the ATM cash-based platform business, which has been the Bank's core business thus far, is now at a major turning point due to the advancement of cashless payments and other developments, the Bank's total annual

number of ATM transactions was record high since the establishment of the Bank due to reasons such as a significant increase in the number of cash charge transactions with QR and bar-code settlement companies in addition to cash deposit and withdrawal transactions with financial institutions, which were historically handled by the Bank. 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 through ATMs as an important interface between non-virtual and virtual transactions even in the movement toward adopting digitalized and cashless payment systems.

- The installation of fourth-generation ATMs began in September 2019, and due to progress with replacement, the number of fourth-generation ATMs has reached 50% 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 provide services to accept various applications to financial institutions through ATMs on a full scale. The Bank will expand the areas in which such application acceptance services are available and enhance the services going forward, aiming to create a world where Seven Bank's ATMs serve as a service platform for windows for various procedures and certification.

■ Retail Strategy

- In the financial retail field, in addition to conventional financial institutions, various companies, such as Fintech companies, are appearing one after another and competing, which propels unbundling and diversification of financial services. Under such circumstances, the Bank will strengthen cooperation with the Seven & i Holdings Group, including cooperation with "7iD" that boasts approximately 28 million members, and expand its efforts to develop and provide exceptional financial products unique to a bank that originated in a distribution group.
- Under the circumstances where foreign residents are increasing in Japan, the Bank's group has provided multiple financial services for foreign residents such as overseas remittance, credit cards and insurance products. The Bank will continue to contribute to the realization of a multi-cultural society, aiming to create a society where all members can live comfortably by providing financial services for foreign residents consistently.

■ Corporate Strategy

- The Bank has strived to expand the services it provides for financial institutions and general businesses such as bank-quality administrative skills, safe and secure fund management/fund transfer mechanisms, and high-security technologies including authentication, which 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

- In the United States, fund procurement costs have increased due to the rise in U.S. interest rates. The Bank will take measures to minimize the impact of the market interest rates by means such as formulating measures for cash reduction in ATMs. At the same time, the Bank aims to strengthen its customer base in the United States market and diversify its business by providing financial services that meet the needs of consumers while promoting the expansion of use of ATMs and stores where ATMs are installed by utilizing an ATM network of approximately 8,600 ATMs installed at United States 7-Eleven stores and providing new financial services and high-quality customer experience.
- 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.

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.

Consolidated Balance Sheets

Seven Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Assets:		
Cash and due from banks (Notes 3, 4, 5 and 7).....	¥ 952,027	¥ 931,404
Call loans (Note 5)	28,000	—
Securities (Notes 5, 6, 7 and 8).....	99,651	89,945
Loans (Notes 5 and 8)	35,111	28,056
Foreign exchanges (Note 8)	0	0
ATM-related temporary payments (Note 5).....	98,296	84,461
Tangible fixed assets (Notes 9 and 30).....	30,256	26,571
Intangible fixed assets (Note 10)	34,350	33,593
Asset for retirement benefits (Note 16)	1,113	1,051
Deferred tax assets (Note 26)	4,712	2,979
Other assets (Notes 5, 7, 8, 11 and 32)	30,273	24,062
Allowance for credit losses (Note 5)	(1,521)	(504)
Total assets	¥1,312,273	¥1,221,623
Liabilities:		
Deposits (Notes 5 and 12)	¥ 821,508	¥ 790,687
Call money (Note 5)	50,000	—
Borrowed money (Notes 5 and 13).....	9,958	1,936
Bonds (Notes 5 and 14).....	85,000	105,000
Income taxes payable	6,306	4,321
ATM-related temporary advances (Note 5).....	54,773	49,233
Reserve for bonuses	826	789
Liability for retirement benefits (Note 16)	15	13
Reserve for stocks payment	631	774
Deferred tax liabilities (Note 26).....	34	3
Other liabilities (Notes 15, 29 and 31).....	28,975	24,749
Total liabilities.....	1,058,031	977,509
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, 2023 and 2022.....	30,724	30,724
Capital surplus.....	30,864	30,764
Retained earnings.....	182,431	176,549
Treasury stock, at cost, 3,098 thousand shares as of March 31, 2023 and 3,982 thousand shares as of March 31, 2022.....	(900)	(1,173)
Total shareholders' equity	243,120	236,864
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sale securities, net of taxes (Note 6)	500	606
Foreign currency translation adjustments	6,783	4,714
Accumulated adjustments for retirement benefits (Note 16)	226	320
Total accumulated other comprehensive income	7,510	5,641
Non-controlling interests	3,611	1,606
Total net assets	254,242	244,113
Total liabilities and net assets	¥1,312,273	¥1,221,623

See accompanying notes.

Consolidated Statements of Income

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Income:		
Interest income	¥ 4,932	¥ 4,032
Interest on loans	4,669	3,890
Interest and dividends on securities	85	34
Interest on call loans	39	5
Other interest income	137	102
Fees and commissions income (Note 18)	147,718	131,320
Other operating income (Note 20)	488	390
Other income (Note 22)	1,851	1,359
Total income	154,990	137,103
Expenses:		
Interest expenses	815	602
Interest on deposits	33	45
Interest on call money	(25)	(4)
Interest on borrowed money	346	94
Interest on bonds	460	466
Fees and commissions expenses (Notes 19 and 29)	42,258	35,690
General and administrative expenses (Note 21)	80,195	70,371
Other expenses (Notes 23 and 24)	4,297	3,284
Total expenses	127,566	109,948
Income before income taxes	27,423	27,154
Income taxes (Note 26)		
Current	10,030	8,772
Deferred	(1,167)	(2,300)
Total income taxes	8,863	6,471
Net income	18,560	20,682
Net loss attributable to non-controlling interests	(294)	(144)
Net income attributable to owners of the parent	¥ 18,854	¥ 20,827

Amounts per share of common stock (Note 33):

	Yen	
	2023	2022
Net assets	¥ 213.08	¥ 206.33
Net income.....	16.03	17.71
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, 2023 and 2022

	Millions of yen	
	2023	2022
Net income	¥18,560	¥20,682
Other comprehensive income (Note 25)		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(106)	166
Foreign currency translation adjustments	2,100	1,353
Adjustments for retirement benefits (Note 16)	(94)	(38)
Total other comprehensive income	1,898	1,480
Comprehensive income	¥20,459	¥22,163
Comprehensive income attributable to:		
Owners of the parent	¥20,723	¥22,261
Non-controlling interests	(264)	(98)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at April 1, 2021	¥30,724	¥30,724	¥168,694	¥(1,081)	¥229,061
Changes in items during the period					
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 April 1, 2022	¥30,724	¥30,764	¥176,549	¥(1,173)	¥236,864
Changes in items during the period					
Cash dividends			(12,972)		(12,972)
Net income attributable to owners of the parent			18,854		18,854
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				272	272
Change in capital surplus due to change in equity of consolidated subsidiaries		99			99
Net changes in items other than shareholders' equity					
Net changes in items during the period		99	5,882	272	6,255
Balance at March 31, 2023	¥30,724	¥30,864	¥182,431	¥(900)	¥243,120

	Millions of yen					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at April 1, 2021	¥ 440	¥3,407	¥359	¥4,207	¥1,407	¥234,676
Changes in items during the period						
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 April 1, 2022	¥ 606	¥4,714	¥320	¥5,641	¥1,606	¥244,113
Changes in items during the period						
Cash dividends						(12,972)
Net income attributable to owners of the parent						18,854
Purchase of treasury stock						(0)
Disposal of treasury stock						272
Change in capital surplus due to change in equity of consolidated subsidiaries						99
Net changes in items other than shareholders' equity	(106)	2,069	(94)	1,868	2,004	3,873
Net changes in items during the period	(106)	2,069	(94)	1,868	2,004	10,128
Balance at March 31, 2023	¥ 500	¥6,783	¥226	¥7,510	¥3,611	¥254,242

See accompanying notes.

Consolidated Statements of Cash Flows

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Cash flows from operating activities:		
Income before income taxes	¥ 27,423	¥ 27,154
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation of fixed assets	19,526	16,388
Impairment losses	1,254	763
Amortization of goodwill.....	30	—
Equity in losses of affiliates	576	694
Net change in allowance for credit losses	1,017	415
Net change in reserve for bonuses	15	164
Net change in asset or liability for retirement benefits	(182)	(190)
Net change in reserve for stocks payment	(142)	140
Interest income	(4,932)	(4,032)
Interest expenses	815	602
Net losses related to securities	(441)	65
Net losses on disposal of fixed assets	246	753
Gain on change in equity	—	(415)
Net change in loans	(7,054)	(3,727)
Net change in deposits	30,820	7,278
Net change in borrowed money	8,318	1,228
Net change in due from banks, excluding cash equivalents	(1,591)	—
Net change in call loans	(28,000)	—
Net change in call money	50,000	—
Net change in bonds due to issuance and redemption	(20,000)	—
Net change in ATM-related temporary accounts	(8,291)	1,472
Interest received	5,083	4,181
Interest paid	(820)	(642)
Other – net	1,145	(2,273)
Subtotal	74,818	50,023
Income taxes paid	(8,268)	(8,734)
Income taxes refund	27	22
Net cash provided by operating activities	66,577	41,311
Cash flows from investing activities:		
Purchase of securities	(48,079)	(23,739)
Proceeds from sales of securities.....	1,947	—
Proceeds from redemption of securities	35,713	11,892
Purchase of tangible fixed assets	(13,328)	(12,468)
Proceeds from sales of tangible fixed assets	6	19
Purchase of intangible fixed assets	(11,991)	(11,817)
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(459)	—
Net cash used in investing activities	(36,191)	(36,114)
Cash flows from financing activities:		
Proceeds from stock issuance to non-controlling interests	—	337
Dividends paid	(12,973)	(12,967)
Purchase of treasury stock	(0)	(97)
Net cash used in financing activities	(12,973)	(12,727)
Effect of exchange rate changes on cash and cash equivalents	1,440	989
Net change in cash and cash equivalents	18,852	(6,541)
Cash and cash equivalents at the beginning of the year	931,404	937,945
Cash and cash equivalents at the end of the year (Notes 3 and 4)	¥950,256	¥931,404

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, 2023 and 2022

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 nine 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., Credd Finance, Ltd. and VIVA VIDA MEDICAL LIFE Co., Ltd. VIDA MEDICAL LIFE Co., Ltd. has become a consolidated subsidiary since this FY by 7BK’s purchasing stocks of the entity.

The balance sheet dates of the consolidated subsidiaries are December 31 for three companies and March 31 for six 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, 2023 and 2022 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 maturing within 3 months from the acquisition date.

(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) Significant accounting estimates

Estimates on other assets, tangible fixed assets, intangible fixed assets and deferred tax assets related to ATM placement contracts of FCTI, Inc., a consolidated subsidiary, are as follows:

(1) Amounts recorded in the consolidated financial statements as of March 31, 2023

	Millions of Yen
Other assets	¥ 680
Tangible fixed assets	826
Intangible fixed assets	1,080
Deferred tax assets	3,056

(2) Information about the details of significant accounting estimates on the identified item

Recoverability of other assets, tangible fixed assets, intangible fixed assets and deferred tax assets is assessed on the main assumption that ATM placement contracts between FCTI, Inc., a consolidated subsidiary, and 7-Eleven, Inc. will be renewed.

The renewal of the contracts is under negotiation and subject to a certain level of uncertainties. If such contracts are not renewed and the estimates differ from actual results, profit for the following fiscal year might be affected.

(q) Changes in accounting policies

Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021, hereinafter "Implementation Guidance")

The Bank has applied the Implementation Guidance from the beginning of the fiscal year ended March 31, 2023 prospectively in accordance with the transitional provision set forth in Paragraph 27-2 of the Implementation Guidance.

The effect of adopting the Implementation Guidance is immaterial.

(r) Newly effective accounting standards not yet applied

On October 28, 2022, the ASBJ issued the following statements and guidance:

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)

Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

These standards and guidance define: (i) the accounting classifications for current income taxes, etc. when other comprehensive income is subject to income taxes; and (ii) tax effect accounting for sales of shares of subsidiaries when the group taxation system is applied.

(2) Date of adoption

The Company expects to adopt these accounting standards, etc. from the beginning of the fiscal year ending March 31, 2025.

(3) Effect of adopting the accounting standards, etc. The effect of adopting the accounting standards, etc. is under assessment.

(s) Changes in presentation

Business outsourcing expenses which had been recorded in "Other" under "Fees and commissions expenses" by certain overseas consolidated subsidiaries have been recorded under "General and administrative expenses" from the fiscal year ended March 31, 2023. In addition, ATM placement fee expenses and ATM-related fee expenses which had been recorded in "Other" under "Fees and commissions expenses" have been separately presented as disclosed in Notes 19 and 21. These changes in presentation were made to disclose transactions more appropriately in the consolidated financial statements as the business scale of such overseas consolidated subsidiaries is expanding.

In order to reflect these changes in presentation, the consolidated financial statements for the fiscal year ended March 31, 2022 have been reclassified.

As a result, "Fees and commissions expenses" of ¥35,816 million (including ATM placement fee expenses of ¥28,345 million, ATM-related fee expenses of ¥2,327 million and "Other" of ¥3,511 million) and "General and

administrative expenses” of ¥70,245 million (including Business outsourcing expenses of ¥22,600 million) have been reclassified as “Fees and commissions expenses” of ¥35,690 million (including ATM placement fee expenses of ¥28,473 million, ATM-related fee expenses of ¥2,365 million and “Other” of ¥3,220 million) and “General and administrative expenses” of ¥70,371 million (including Business outsourcing expenses of ¥22,726 million), respectively.

(t) 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, 2023 and 2022 are ¥332 million and ¥588 million, and 1,071 thousand shares and 1,895 thousand shares, respectively.

(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, 2023 and 2022 are ¥567 million and ¥584 million and 2,026 thousand shares and 2,086 thousand shares, respectively.

3. Supplemental Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Cash and due from banks	¥952,027	¥931,404
Time deposits	(1,591)	—
Other	(180)	—
Cash and cash equivalents	¥950,256	¥931,404

4. Cash and Due from Banks

Cash and due from banks as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Cash	¥822,510	¥819,031
Due from banks	129,517	112,372
Total	¥952,027	¥931,404

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, 2023, the Bank’s market risk quantity (maximum potential loss) is ¥13,014 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, 2023 and 2022 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, call loans, ATM-related temporary payments, call money and ATM-related temporary advances are omitted because their fair value approximates the carrying amount due to the short settlement period.

March 31, 2023	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Securities			
Available-for-sale securities	¥ 93,863	¥ 93,863	¥ —
(2) Loans	35,111		
Allowance for credit losses ¹	(33)		
	35,078	35,078	0
(3) Other assets ²	5,506		
Allowance for credit losses ^{1,2}	(1,238)		
	4,267	4,267	—
Total assets	¥133,210	¥133,210	¥0
(1) Deposits	¥821,508	¥821,539	¥ 31
(2) Borrowed money	9,958	9,958	—
(3) Bonds	85,000	85,245	245
Total liabilities	¥916,466	¥916,743	¥276
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

* 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	
	2023	2022
Unlisted equity securities ^{1 and 2}	¥1,774	¥3,354
Shares in an affiliated company ¹	847	1,424
Investments in partnership ³	3,165	2,433

* 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 ¥664 million and ¥65 million on unlisted equity securities are recognized for the fiscal years ended March 31, 2023 and 2022, respectively.

* 3. Investments in partnership are not included in the scope of fair value disclosure pursuant to Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

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

March 31, 2023	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
Due from banks	¥128,457	¥ 1,060	—	—	—	—
Call loans	28,000	—	—	—	—	—
Securities:						
Available-for-sale securities with maturity	17,518	48,184	¥26,300	—	¥1,000	—
Japanese municipal bonds	5,418	16,984	17,100	—	—	—
Corporate bonds	12,100	31,200	9,200	—	1,000	—
Loans ¹	34,991	15	—	—	—	—
ATM-related temporary payments	98,296	—	—	—	—	—
Other assets ²	4,498	—	—	—	—	—
Total	¥311,762	¥49,259	¥26,300	¥—	¥1,000	¥—

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
Due from banks	¥112,372	—	—	—	—	—
Call loans	—	—	—	—	—	—
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	—	—	—	—
ATM-related temporary payments	84,461	—	—	—	—	—
Other assets ²	3,484	—	—	—	—	—
Total	¥264,011	¥27,177	¥19,140	¥—	¥—	¥—

Notes: 1. For loans, ¥104 million and ¥60 million as of March 31, 2023 and 2022 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. ¥1,008 million and ¥208 million as of March 31, 2023 and 2022 that are not expected to be collected from debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors are excluded from other assets.

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

March 31, 2023	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	¥712,213	¥71,609	¥37,684	¥—	¥—	¥—
Call money	50,000	—	—	—	—	—
Borrowed money	9,958	—	—	—	—	—
Bonds	20,000	15,000	30,000	20,000	—	—
Total	¥792,172	¥86,609	¥67,684	¥20,000	¥—	¥—

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	¥—	¥—	¥—
Call money	—	—	—	—	—	—
Borrowed money	1,936	—	—	—	—	—
Bonds	20,000	35,000	—	50,000	—	—
Total	¥697,336	¥108,069	¥42,217	¥50,000	¥—	¥—

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, 2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale:				
Japanese municipal bonds	¥—	¥39,710	¥—	¥39,710
Corporate bonds	—	53,536	—	53,536
Equity securities	616	—	—	616
Total assets	¥616	¥93,247	¥—	¥93,863

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, 2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans	¥—	¥34,999	¥78	¥35,078
Other assets	—	4,267	—	4,267
Total assets	¥—	¥39,267	¥78	¥39,346
Deposits	¥—	¥821,539	¥—	¥821,539
Borrowed money	—	9,958	—	9,958
Bonds	—	85,245	—	85,245
Total liabilities	¥—	¥916,743	¥—	¥916,743

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	
	2023	2022
Equity securities	¥847	¥1,424

(2) The following tables summarize acquisition cost and carrying amount of securities with fair values available as of March 31, 2023 and 2022:

Available-for-sale securities:

March 31, 2023	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with higher balances than acquisition costs			
Equity securities	¥ 236	¥ 616	¥379
Bonds:			
Japanese municipal bonds	18,840	18,857	17
Corporate bonds	6,199	6,204	4
Total	¥25,277	¥25,678	¥401

Securities with the same or lower balances than acquisition costs	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Bonds:			
Japanese municipal bonds	¥20,891	¥20,852	¥ (39)
Corporate bonds	47,562	47,332	(229)
Total	¥68,454	¥68,185	¥(268)
Grand total	¥93,731	¥93,863	¥ 132

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

Securities with the same or lower balances than acquisition costs	Millions of yen		
	Acquisition cost	Carrying amount	Difference
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

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

March 31	Millions of yen	
	2023	2022
Unrealized gains (losses):		
On available-for-sale securities	¥ 720	¥ 874
Deferred tax liabilities	(220)	(267)
Net unrealized gains on available-for-sale securities, net of taxes	¥ 500	¥ 606

Note: Unrealized gains (losses) on investments in partnership, which do not have a market price, of ¥588 million and ¥592 million as of March 31, 2023 and 2022, 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 ¥84,427 million and ¥82,212 million as of March 31, 2023 and 2022, respectively.

Other assets included guarantee deposits of ¥2,519 million and ¥2,371 million as of March 31, 2023 and 2022, respectively, and deposits to Central Counterparty of ¥1,700 million and ¥1,700 million as of March 31, 2023 and 2022, respectively.

In addition, cash and due from banks of ¥180 million as of March 31, 2023 were pledged as collaterals for borrowings of a certain overseas consolidated subsidiary.

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	
	2023	2022
Loans under Bankruptcy/rehabilitation or similar proceedings	¥100	¥55
Risk loans	4	6
Delinquent loans past due over three months	1	0
Restructured loans	—	—
Total	¥106	¥61

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.

9. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Buildings	¥ 1,804	¥ 1,784
ATMs	24,281	20,947
Other	4,170	3,839
Total	¥30,256	¥26,571

The accumulated depreciation of tangible fixed assets as of March 31, 2023 and 2022 amounted to ¥58,601 million and ¥55,966 million, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Software	¥27,342	¥28,605
Other	7,007	4,988
Total	¥34,350	¥33,593

11. Other Assets

Other assets as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Accrued income	¥11,366	¥ 9,877
Prepaid expenses	2,521	2,634
Other	16,386	11,550
Total	¥30,273	¥24,062

12. Deposits

Deposits as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Deposits	¥820,758	¥789,937
Negotiable certificates of deposit	750	750
Total	¥821,508	¥790,687

13. Borrowed Money

Borrowed money as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Borrowed money from banks and insurance companies	¥9,958	¥1,936

The weighted average interest rate applicable to the balance of total borrowed money as of March 31, 2023 and 2022 was 6.24% and 5.40%, respectively.

The repayment schedule on borrowed money as of March 31, 2023 and 2022 were as follows:

Borrowed money	Millions of yen	
	2023	2022
Within one year	¥9,958	¥1,936
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, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Unsecured:		
0.80% unsecured bonds due March 20, 2023, date of issue March 7, 2013	¥ —	¥ 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]	20,000 [—]
0.38% unsecured bonds due December 20, 2028, date of issue January 25, 2019	20,000 [—]	20,000 [—]
Total	¥ 85,000 [20,000]	¥105,000 [20,000]

[] denotes a current portion to be repaid within one year.

The repayment schedule on bonds as of March 31, 2023 and 2022 was as follows:

	Millions of yen	
	2023	2022
Within one year	¥20,000	¥20,000
Over one year but within two years	15,000	20,000
Over two years but within three years	—	15,000
Over three years but within four years	—	—
Over four years but within five years	30,000	—
Over five years	20,000	50,000

15. Other liabilities

Other liabilities as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Accrued expenses	¥10,327	¥10,440
Asset retirement obligations	736	696
Other	17,911	13,612
Total	¥28,975	¥24,749

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, 2023 and 2022

(1) Movement in projected benefit obligation

	Millions of yen	
	2023	2022
Balance at the beginning of the year	¥3,540	¥3,281
Service cost	349	287
Interest cost	18	16
Actuarial difference	(334)	117
Benefits paid	(226)	(162)
Other	(1)	(0)
Balance at the end of the year	¥3,345	¥3,540

(2) Movement in plan assets

	Millions of yen	
	2023	2022
Balance at the beginning of the year	¥4,578	¥4,184
Expected return on plan assets	91	83
Actuarial difference	(383)	125
Contributions paid by the employer	382	347
Benefits paid	(226)	(162)
Balance at the end of the year	¥4,443	¥4,578

(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	
	2023	2022
Funded projected benefit obligation	¥ 3,330	¥ 3,527
Plan assets	(4,443)	(4,578)
	(1,113)	(1,051)
Unfunded projected benefit obligation	15	13
Total net liability (asset) for retirement benefits at the end of the year	(1,098)	(1,038)
Liability for retirement benefits	15	13
Asset for retirement benefits	(1,113)	(1,051)
Total net liability (asset) for retirement benefits at the end of the year	¥(1,098)	¥(1,038)

(4) Retirement benefit costs

	Millions of yen	
	2023	2022
Service cost	¥349	¥287
Interest cost	18	16
Expected return on plan assets	(91)	(83)
Amortization of actuarial difference	(73)	(62)
Other	(2)	(1)
Retirement benefit costs	¥200	¥156

(5) Adjustments for retirement benefits

The components of items recognized in adjustments for retirement benefits (pre-tax) were as follows:

	Millions of yen	
	2023	2022
Actuarial difference	¥(122)	¥(54)
Total amount recognized for the year	¥(122)	¥(54)

(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	
	2023	2022
Unrecognized actuarial difference	¥(340)	¥(462)
Total balance at the end of the year	¥(340)	¥(462)

(7) Plan assets

(a) Plan assets comprise:

	2023	2022
Bonds	50%	60%
Equity securities	26%	29%
Other	24%	11%
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, 2023 and 2022 were as follows:

	2023	2022
Discount rate	1.3%	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, 2023 and 2022 was ¥67 million and ¥58 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, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Remittance-related fee income	¥ 3,312	¥ 3,362
ATM-related fee income	135,122	121,731
Other	9,283	6,225
Total	¥147,718	¥131,320

19. Fees and Commissions Expenses

Fees and commissions expenses for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Remittance-related fee expenses	¥ 1,508	¥ 1,631
ATM placement fee expenses	31,216	28,473
ATM-related fee expenses	5,663	2,365
Other	3,870	3,220
Total	¥42,258	¥35,690

Please refer to Note 2 (s), where changes of presentations are introduced.

20. Other Operating Income

Other operating income for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Gains on foreign exchange transactions	¥488	¥390
Total	¥488	¥390

21. General and Administrative Expenses

Main items and amounts of general and administrative expenses for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Salary and allowance	¥ 9,904	¥ 8,507
Retirement benefit costs	267	215
Depreciation of fixed assets	19,526	16,388
Business outsourcing expenses	24,819	22,726

Please refer to Note 2 (s), where changes of presentations are introduced.

22. Other Income

Other income for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Gain on sales of fixed assets	¥ 6	¥ 19
Gain on sales of equity securities, etc.	1,105	—
Gain on change in equity	—	415
Other	740	924
Total	¥1,851	¥1,359

23. Other Expenses

Other expenses for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Losses on disposal of fixed assets	¥ 252	¥ 773
Impairment losses	1,254	763
Provision of allowance for credit losses	1,017	415
Equity in losses of affiliates	576	694
Other	1,196	638
Total	¥4,297	¥3,284

24. Impairment Losses

Year ended March 31, 2023

Impairment losses on fixed assets for the fiscal year ended March 31, 2023 consisted of the following:

Location	Purpose	Classification	Millions of yen
			2023
Japan	Business assets	Buildings	¥ 13
		Other tangible fixed assets	8
		Software	527
		Other intangible fixed assets	28
		Other assets	2
Japan	Idle assets	Buildings	72
		Other tangible fixed assets	91
		Software	47
		Other intangible fixed assets	462
Total			¥1,254

The Group identifies each Group company as the smallest identifiable group of assets that independently generates cash inflows. Idle assets are treated as independent units.

For the asset groups above, their performance has continued to be below initial plans, and a review of future business plans has led to the conclusion that either the recovery of the full amount of investments or the use of the relevant assets in the future is no longer expected. Therefore, impairment losses are recognized by reducing their book value to the recoverable amount.

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, 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 each Group 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.

25. Other Comprehensive Income

Other comprehensive income for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen	
	2023	2022
Net unrealized gains (losses) on available-for-sale securities, net of taxes		
Amount arising during the year	¥ (373)	¥ 605
Reclassification adjustment	220	(365)
Amount before income tax effect	(153)	239
Income tax effect	46	(73)
Total	¥ (106)	¥ 166
Foreign currency translation adjustments		
Amount arising during the year	¥2,100	¥1,353
Reclassification adjustment	—	—
Amount before income tax effect	2,100	1,353
Income tax effect	—	—
Total	¥2,100	¥1,353
Adjustments for retirement benefits		
Amount arising during the year	¥ (48)	¥ 8
Reclassification adjustment	(73)	(62)
Amount before income tax effect	(122)	(54)
Income tax effect	27	15
Total	¥ (94)	¥ (38)
Total other comprehensive income	¥1,898	¥1,480

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, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Deferred tax assets:		
Net operating loss carry forwards ³	¥ 4,049	¥2,528
Depreciation of fixed assets and impairment losses	1,161	950
Allowance for credit losses	468	156
Loss on valuation of securities	387	—
Enterprise tax	366	271
Retained losses on equity method affiliates	352	—
Reserve for bonuses	250	238
Asset retirement obligations	212	201
Reserve for stocks payment	193	237
Accounts payable (Formerly recorded as reserve for retirement benefits for directors and statutory auditors)	—	6
Other	172	287
Subtotal deferred tax assets	7,617	4,877
Valuation allowance for net operating loss carry forwards ³	(837)	(489)
Valuation allowance for total future deductible temporary differences	(1,132)	(466)
Subtotal valuation allowance ²	(1,969)	(956)
Total deferred tax assets	¥ 5,647	¥3,921
Deferred tax liabilities:		
Asset for retirement benefits	¥ (337)	¥ (327)
Net unrealized gains (losses) on available-for-sale securities	¥ (220)	¥ (267)
Adjustment for tangible fixed assets related to asset retirement obligations	(29)	(19)
Intangible fixed assets recognized with business combination	(1)	(48)
Other	(380)	(282)
Total deferred tax liabilities	(969)	(945)
Net deferred tax assets	¥ 4,677	¥2,976

Notes: 1. Net deferred tax assets are included in the following items in the consolidated balance sheets.

	Millions of yen	
	2023	2022
Deferred tax assets	¥4,712	¥2,979
Deferred tax liabilities	¥ 34	¥ 3

2. Valuation allowance increased by ¥1,013 million mainly due to tax loss carryforwards, impairment losses on fixed assets and losses on valuation of securities.

3. Net operating loss carry forwards and its deferred tax assets by term as of March 31, 2023 and 2022 were as follows:

March 31, 2023

	Millions of yen						Total
	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	¥—	¥—	¥200	¥94	¥—	¥3,754	¥4,049
Valuation allowance	—	—	—	—	—	(837)	(837)
Deferred tax assets	¥—	¥—	¥200	¥94	¥—	¥2,917	¥3,212 ²

March 31, 2022

	Millions of yen						Total
	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 ²

Notes: 1. Net operating loss carry forwards is the amount after multiplying by the statutory tax rate.

2. Deferred tax assets on net operating loss carryforwards was judged to be recoverable mainly because taxable income before adjustments of temporary differences will likely exceed the amount expected to be deductible in the fiscal years when net operating loss carryforwards are expected to be deducted.

(2) Reconciliation of the material difference between the statutory tax rate and the effective income tax rate for the fiscal years ended March 31, 2023 and 2022 were as follows:

	2023	2022
Statutory tax rate	30.62%	30.62%
Non-deductible expenses, including entertainment expenses	0.13	0.08
Increase (decrease) in valuation allowance	2.47	(6.81)
Equity in losses of affiliates	0.64	0.31
Retained losses on equity method affiliates	(1.29)	—
Other	(0.26)	(0.37)
Effective tax rate	32.32%	23.83%

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, 2023 and 2022 were as follows:

Year ended March 31, 2023	Thousands of shares			
	April 1, 2022	Increase	Decrease	March 31, 2023
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}	3,982	0	883	3,098
Total	3,982	0	883	3,098

Notes: 1. Increase in number of shares of treasury stock: 0 thousand shares due to acquisition of the Bank's shares less than one unit
2. Decrease in number of shares of treasury stock: 883 thousand shares due to issuance of the Bank's shares held by the BIP Trust and ESOP Trust
3. The number of shares of treasury stock as of April 1, 2022 and March 31, 2023 includes 3,981 thousand shares and 3,098 thousand shares of the Bank held by the BIP Trust and ESOP Trust, respectively.

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.

(2) Information on subscription rights to shares:

Not applicable

(3) Information on dividends:

(a) Dividends paid in the fiscal years ended March 31, 2023 and 2022

Year ended 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 ¹	¥6,486	Retained earnings	¥5.50	March 31, 2022	June 1, 2022
Common stock ²	¥6,486	Retained earnings	¥5.50	September 30, 2022	December 1, 2022

Notes: 1. Date of resolution: Board of Directors meeting held on May 20, 2022
Aggregate amount of dividends determined by the resolution of Board of Directors on May 20, 2022 includes ¥21 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 4, 2022
Aggregate amount of dividends determined by the resolution of Board of Directors on November 4, 2022 includes ¥17 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.

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.

(b) Dividends to be paid in the fiscal year ending March 31, 2024

(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, 2023	June 2, 2023

Note: Date of resolution: Board of Directors meeting held on May 19, 2023
Aggregate amount of dividends to be paid includes ¥17 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, 2023 were ¥11.00 annually with the year-end dividend of ¥5.50 added to the interim dividend of ¥5.50.

28. Business Combination

For the fiscal Year Ended March 31, 2023

(Business Combination by Acquisition)

VIVA VIDA MEDICAL LIFE Co., Ltd. (hereinafter referred to as "VML") has become a consolidated subsidiary of the Bank. On July 22, 2022, the Bank agreed to acquire the shares of VML from shareholders of VML and concluded a share transfer agreement. In accordance with the agreement, the Bank acquired shares of VML on November 2, 2022 and made it a subsidiary of the Bank.

a. Outline of the business combination

(1) Name and business of the acquired company

Name of the acquired company: VIVA VIDA MEDICAL LIFE CO., LTD.

Business: Small amount and short-term insurance business

(2) Major reason for the business combination

The Group provides foreign residents with various financial services that can be used easily and promptly via smartphone apps such as international money transfer services, credit card services for foreign residents and loans to foreign residents for various purposes. The acquisition of VML will add insurance products to the Bank's service portfolio and enable the Bank to provide foreign nationals with comprehensive financial services.

(3) Date of business combination

November 2, 2022

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of the company after the combination

No change

(6) Ratio of voting rights acquired

97.78%

(7) Basis for determining the acquirer

It is based on the fact that the Bank acquired shares in consideration for cash.

b. The period for which the operations of the acquired company are included in the consolidated financial statements

From December 1, 2022 through March 31, 2023

c. Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen
Consideration for acquisition—Cash	¥496
Acquisition cost	¥496

d. Major acquisition-related costs

Advisory fees, etc. ¥49 million

e. Amount of goodwill recognized, reasons for the goodwill recognized, and the method and period of amortization

(1) Amount of goodwill recognized

¥450 million

(2) Reasons for the goodwill recognized

The acquisition costs exceeded the acquired equity in the fair value of net assets of the acquired company at the acquisition date, and the difference was recognized as goodwill.

(3) Method and period of amortization

The goodwill is amortized on a straight-line basis over 5 years.

f. The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen
Total assets	¥85
Total liabilities	¥39

g. Estimates of the effects on the consolidated statement of income for the year ended March 31, 2023 on the assumption that the business combination had been completed on April 1, 2022 and its measurement method

Notes are omitted since the impact is not material.

29. Related Party Transactions

Related party transactions for the fiscal years ended March 31, 2023 and 2022 were as follows:

(1) Transactions between the Bank and related parties

(a) Parent company and major shareholders

Year ended March 31, 2023

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	¥15,041	Accrued expenses ³	¥1,408

Notes: 1. 38.48% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2023.

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, 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.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2023 and 2022.

(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, 2023 and 2022.

(d) The Bank's directors and major individual shareholders

There is no transaction for the fiscal years ended March 31, 2023 and 2022.

(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, 2023 and 2022.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2023 and 2022.

(c) Company that has the same parent company as the Bank, and subsidiaries of the Bank's other related companies

Year ended March 31, 2023

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	¥13,169	Accrued expenses	¥1,089

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, 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.

(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)

30. 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, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Due within one year	¥113	¥ 784
Due after one year	42	424
Total	¥156	¥1,208

31. 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: 0.0-7.5%

(3) The changes in asset retirement obligations for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Balance at the beginning of the year	¥696	¥677
Increase due to acquisition of tangible fixed assets	—	51
Accretion expense	4	4
Obligations settled in current period	(10)	(68)
Other increase (decrease)	45	32
Balance at the end of the year	¥736	¥696

32. Revenue Recognition**(1) Information on disaggregated revenue from contracts with customers**

Information on disaggregated revenue from contracts with customers is described in Note 34 "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, 2022	March 31, 2023
Receivables from contracts with customers	¥9,749	¥11,172

(Note) Receivables from contracts with customers are included in "Other assets" of the consolidated balance sheet.

	Millions of yen	
	April 1, 2021	March 31, 2022
Receivables from contracts with customers	¥9,584	¥9,749

(Note) Receivables from contracts with customers are included in "Other assets" of the consolidated balance sheet.

33. Per Share Data

Amounts per share as of March 31, 2023 and 2022 and for the fiscal years then ended were as follows:

March 31	Yen	
	2023	2022
Net assets per share	¥213.08	¥206.33

Years ended March 31	Yen	
	2023	2022
Net income per share	¥16.03	¥17.71

Notes: 1. Net income per share (diluted) for the fiscal years ended March 31, 2023 and 2022 is not presented since there are no potentially dilutive shares.
2. 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, 2023 and 2022 were 3,098 thousand and 3,981 thousand, respectively.

March 31	Millions of yen, except thousands of shares	
	2023	2022
Net assets	¥ 254,242	¥ 244,113
Amount excluded from net assets	3,611	1,606
Non-controlling interests	3,611	1,606
Net assets attributable to common stock at the fiscal year end	¥ 250,630	¥ 242,506
Number of shares of common stock at the fiscal year end used for the calculation of net assets per share	1,176,209	1,175,325

3. Net income 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 weighted average number of shares during the fiscal year when calculating net income per share. The weighted average number of shares deducted during the fiscal years ended March 31, 2023 and 2022 were 3,353 thousand and 3,711 thousand, respectively.

Years ended March 31	Millions of yen, except thousands of shares	
	2023	2022
Net income per share		
Net income attributable to owners of the parent	¥ 18,854	¥ 20,827
Amount not attributable to common shareholders	—	—
Net income attributable to common shareholders of the parent	¥ 18,854	¥ 20,827
Average number of shares of common stock during the year	1,175,954	1,175,596

34. 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, 2023

	Millions of yen				
	Reportable segment			Adjustments	Consolidated
	Domestic	Overseas	Total		
Ordinary income:					
ATM fee	¥ 104,402	¥30,720	¥ 135,122	¥ —	¥ 135,122
Other	12,436	127	12,563	—	12,563
Ordinary income from customer contracts	116,838	30,847	147,686	—	147,686
Other	6,471	979	7,450	(152)	7,297
Ordinary income from external customers	123,309	31,826	155,136	(152)	154,984
Internal transactions	27	—	27	(27)	—
Total	¥ 123,337	¥31,826	¥ 155,164	¥ (180)	¥ 154,984
Segment profit	¥ 29,879	¥ (949)	¥ 28,930	¥ (6)	¥ 28,924
Segment assets	¥1,293,412	¥39,988	¥1,333,401	¥(21,128)	¥1,312,273
Other:					
Depreciation	¥ 17,052	¥ 2,474	¥ 19,526	¥ —	¥ 19,526
Amortization of goodwill	30	—	30	—	30
Interest income	4,882	49	4,932	—	4,932
Interest expenses	468	346	815	—	815
Equity in losses of affiliates	(576)	—	(576)	—	(576)
Impairment losses	1,254	—	1,254	—	1,254
Investments in equity-method affiliates	847	—	847	—	847
Increase in tangible and intangible fixed assets	20,221	4,512	24,734	—	24,734

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, 2022

	Millions of yen				
	Reportable segment			Adjustments	Consolidated
	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.

Related Information

(1) Information by service

For the fiscal year ended March 31, 2023

	Millions of yen		
	ATM related business	Other	Total
Securities with higher balances than acquisition costs			
Ordinary income attributable to external customers	¥135,122	¥19,861	¥154,984

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

For the fiscal year ended 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.

(2) Information by geographical area

(a) Ordinary income

For the fiscal year ended March 31, 2023

	Millions of yen			
	Japan	U.S.	Asia	Total
	¥123,461	¥25,021	¥6,500	¥154,984

For the fiscal year ended March 31, 2022

	Millions of yen			
	Japan	U.S.	Asia	Total
	¥112,047	¥22,675	¥1,944	¥136,667

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, 2023

	Millions of yen			
	Japan	U.S.	Asia	Total
	¥22,536	¥827	¥6,892	¥30,256

For the fiscal year ended March 31, 2022

	Millions of yen			
	Japan	U.S.	Asia	Total
	¥21,353	¥1,394	¥3,823	¥26,571

(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, 2023 and 2022.

Information on impairment losses on fixed assets for each reportable segment

For the fiscal year ended March 31, 2023

Year ended March 31, 2023	Millions of yen				
	Reportable segment			Other	Total
	Domestic	Overseas	Total		
Impairment losses	¥1,254	¥—	¥1,254	¥—	¥1,254

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

Information on amortization of goodwill and its remaining balance for each reportable segment

For the fiscal year ended March 31, 2023

Year ended March 31, 2023	Millions of yen				
	Reportable segment			Other	Total
	Domestic	Overseas	Total		
Amortization	¥ 30	¥—	¥ 30	¥—	¥ 30
Unamortized balance	420	—	420	—	420

For the fiscal year ended March 31, 2022

None

35. Significant Subsequent Events

(Sales of shares of an affiliate accounted for using the equity method)

The Bank concluded a share transfer agreement with Metaps, Inc. (hereinafter referred to as "M"), a parent company of Metaps Payment (hereinafter referred to as "MP"), an affiliate of the Bank accounted for using the equity method, and sold shares of common stock of MP held by the Bank. Accordingly, MP is no longer an affiliate accounted for using the equity method.

(1) Purpose of the sales and history

In January 2020, the Bank acquired shares of MP for the purpose of creating business synergy by linking various payment methods of MP and payment related services, which the Bank did not have, with the Bank's nationwide ATM network.

Taking the opportunity of a tender offer for shares of common stock of M announced in February 2023, the Bank decided to sell a portion of its shares.

(2) Name of the company to which the Bank sells shares

Metaps, Inc.

(3) Timing of sales

May 2, 2023

(4) Name of the affiliate accounted for using the equity method and its business outline

Name of the company: Metaps Payment, Inc.

Business: Payment business, package solution business, trust business

(5) Number of shares sold, sales proceeds, number of shares held after the sales

Number of shares sold: 50 shares

Sales proceeds: ¥1,200 million (¥24 million per share)

Gain on sales: ¥200 million (non-consolidated basis)

Gain on sales: ¥785 million (consolidated basis)

Number of shares held after the sales: 50 shares

(Transaction under common control)

At a meeting of the Board of Directors held on April 6, 2023, the Bank resolved to acquire 870,000 shares (ratio to voting rights of all shareholders: 98.86%, which has been rounded to three decimal places, and those that follow are the same) of Seven Card Service Co., Ltd. (hereinafter referred to as "7CE") held by Seven Financial Service Co., Ltd. (hereinafter referred to as "7FI") and to make it a consolidated subsidiary. On the same date, the Bank concluded the share transfer agreement with 7FI.

Also, on July 1, 2023, the Bank acquired shares of 7CE.

1. Outline of the business combination

(1) Name and business of the company that the Bank acquired shares of

Name of the acquired company: Seven Card Service Co., Ltd.

Business: Credit card business, electronic money business

(2) Date of business combination

July 1, 2023

(3) Legal form of business combination

Share acquisition in consideration for cash

(4) Name of the company after the combination

No change

(5) Purpose and outline of the transaction

Purpose:

The Bank and 7CE, subsidiaries of Seven & i Holdings Co., Ltd., were both incorporated in 2001 in order to provide customers visiting stores of Seven & i Group with highly convenient financial services. For almost 20 years since their incorporation, both companies have been making efforts to develop services to achieve the objectives. The Bank has been used by many customers mainly in ATM business and account business, and 7CE has been used mainly in credit card business and electronic money business (nanaco).

Going forward, both companies will develop financial services as a distribution and retail group and provide unique experiences by integrating and expanding their know-how and specialized services they cultivated, rearranging various financial services from the viewpoints of customers and utilizing past knowledge and findings obtained at 7ID.

Outline of transaction:

Number of shares to be acquired: 870,000 shares

Acquisition value: ¥32,000 million

Ownership ratio after acquisition: 98.86%

2. Outline of accounting treatment applied

The transaction was accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combination" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestiture" (ASBJ Guidance No. 10, January 16, 2019.)

(Issuance of subscription rights to shares [stock options with charge])

At the Board of Directors meeting held on September 8, 2023, the Bank decided on the outline of the offering of subscription rights to shares to be allotted as stock options with charge to Directors, Audit & Supervisory Board Members, and employees of the Bank and its subsidiaries (including seconded employees working for the Bank and its subsidiaries) pursuant to the provisions of Articles 236, 238, and 240 of the Companies Act and resolved to offer the subscription rights to shares to the eligible persons.

(1) Reasons for issuing subscription rights to shares as stock options with charge

Subscription rights to shares will be issued as stock options with charge to Directors, Audit & Supervisory Board Members, and employees of the Bank and its subsidiaries (including seconded employees working for the Bank and its subsidiaries) for the purposes of further increasing their motivation and morale to improve performance and corporate value of the Bank in the medium to long term and further enhancing the Bank's cohesion.

(2) Outline of the issuance of subscription rights to shares

Number of subscription rights to shares	171,100 (100 shares per subscription right to shares) Note: The above number of subscription rights to shares is the maximum number of rights to be issued. The number of subscription rights to shares to be allotted may decrease depending on the number of subscribers, etc.
Class and number of shares underlying subscription rights to shares	17,110,000 shares of common stock (Note 1)
Date of allotment of subscription rights to shares	October 31, 2023
Persons to be allotted subscription rights to shares	Directors, Audit & Supervisory Board Members, and employees of the Bank and its subsidiaries (including seconded employees working for the Bank and its subsidiaries) - in total, 1,711
Amount to be paid upon issuance of subscription rights to shares	The issue price for one subscription right to shares shall be ¥100. This issue price was determined referring to the price calculated
Exercise price	¥319.4 per share (Note 2)
Amount to be incorporated into equity of the issue price of shares when being issued upon exercise of subscription rights to shares	The amount of capital to be increased as a result of the issuance of shares upon exercise of subscription rights to shares shall be one half of the maximum amount of increase in capital, etc. to be calculated pursuant to Article 17, Paragraph 1 of the Regulations on Corporate Accounting, with any fractional amounts less than one yen resulting from the calculation to be rounded up.
Exercise period of subscription rights to shares	June 1, 2026 to October 31, 2027

Independent Auditor's Report

- Conditions for the exercise of subscription rights to shares
1. A holder of subscription rights to shares may exercise the subscription rights only if all the following financial targets of A through C specified in the Medium-Term Management Plan of the Bank are achieved:
 - A. Ordinary income in the consolidated statement of income for the fiscal year ending March 31, 2026: ¥250.0 billion;
 - B. Ordinary profit in the consolidated statement of income for the fiscal year ending March 31, 2026: ¥45.0 billion; and
 - C. Return on equity (ROE) to be calculated based on the consolidated balance sheet and the consolidated statement of income for the fiscal year ending March 31, 2026: 8%.

Whether or not the above targets are achieved shall be determined in reference to the financial results of the annual securities report to be filed by the Bank. In the case that the Board of Directors deems it inappropriate to determine whether or not the targets are achieved based on the financial results in the consolidated balance sheet and the consolidated statement of income when, for example, there is a change in the fiscal year end, a change in the accounting standards applied, or an event that significantly affects the Bank's performance results such as a business acquisition, the Bank may make appropriate adjustments to eliminate such effect to a reasonable extent.
 2. A holder of subscription rights to shares shall be Director, Audit & Supervisory Board Member, or an employee of the Bank or any of its subsidiaries and affiliates (including a seconded employee working for the Bank or any of its affiliates) at the time of exercising the subscription rights.
 3. An heir to a holder of subscription rights to shares shall not be permitted to exercise the subscription rights.
 4. If the exercise of subscription rights to shares causes the total number of shares issued by the Bank to exceed the total number of shares authorized to be issued at the time of the exercise, it shall not be permitted.
 5. The subscription rights to shares shall not be exercisable for less than one unit of the rights.

Matters concerning the transfer of subscription rights to shares The acquisition of subscription rights to shares by transfer shall be subject to approval by a resolution of the Board of Directors of the Bank.

Notes: 1. Adjustment to the number of shares to be granted

The number of shares to be granted shall be adjusted using the following calculation formula in the case that the Bank conducts a stock split (including the allotment of shares of common stock of the Bank without contribution; hereinafter the same shall apply) or a consolidation of shares after the date of allotment of the subscription rights to shares. However, the adjustment shall be made only to the number of shares underlying the subscription rights to shares that have not yet been exercised at the time of the adjustment. Any fractional shares of less than one share resulting from the adjustment shall be rounded down.

Number of shares to be granted after adjustment

= Number of shares granted before adjustment × Ratio of the split or consolidation

In addition, in the case that the Bank merges with another company or conducts a company split, share exchange, or share grant after the date of allotment of the subscription rights to shares, or needs to adjust the number of shares to be granted due to such an event, the Bank may appropriately adjust the number of shares to be granted to a reasonable extent.

2. Adjustment to the exercise price

In the case that the Bank conducts a stock split or a consolidation of shares after the date of allotment of the subscription rights to shares, the exercise price shall be adjusted using the following calculation formula, with any fractional amounts less than one yen resulting from the adjustment to be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of the split or consolidation}}$$

In the case that the Bank newly issues shares of common stock at a price lower than their market price or disposes of treasury shares after the date of allotment of the subscription rights to shares (except for the cases of newly issuing shares and disposing of treasury shares through the exercise of subscription rights to shares, or newly issuing shares and granting treasury shares due to a merger, company split, share exchange, and share grant), the exercise price shall be adjusted using the following calculation formula, with any fractional amounts less than one yen resulting from the adjustment to be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares newly issued} \times \text{Amount to be paid per share}}{\text{Market price per share before new issuance of shares}}}{\text{Number of shares outstanding} + \text{Number of shares newly issued}}$$

The "number of shares outstanding" in the above formula shall refer to the number of shares obtained by deducting the number of treasury shares of common stock of the Bank from the total number of shares of common stock of the Bank issued. In the case that the Bank disposes of treasury shares of common stock of the Bank, the "number of shares newly issued" and the "amount to be paid per share" shall be replaced by the "number of treasury shares to be disposed of" and the "disposal amount per share," respectively.

In addition to the above, in the case that the Bank merges with another company or conducts a company split, share exchange, or share grant after the date of allotment of the subscription rights to shares, or needs to adjust the exercise price due to such an event, the Bank may appropriately adjust the exercise price to a reasonable extent.



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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

We draw attention to Note 35 to the consolidated financial statements.

At a meeting of the Board of Directors held on April 6, 2023, the Company resolved to acquire 870,000 shares of Seven Card Service Co., Ltd. (hereinafter referred to as "7CE") held by Seven Financial Service Co., Ltd. (hereinafter referred to as "7FI") and to make it a consolidated subsidiary. On the same date, the Company concluded the share transfer agreement with 7FI. Also, on July 1, 2023, the Company acquired shares of 7CE.

Our opinion is not modified in respect of this matter.

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
<p>In the consolidated statement of income of the Company and its consolidated subsidiaries, ATM-related fee income of ¥135,122 million was recognized. Of this amount, ATM-related fee income of the Company amounted to ¥104,013 million, which represented approximately 67% of total income of ¥154,990 million.</p> <p>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. Therefore, the accuracy of the amount of ATM-related fee income recognized in the consolidated statement of income has inherent risks.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>The primary procedures we performed to assess the accuracy of the amount of ATM-related fee income recognized included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of ATM-related fee income with a particular focus on the following:</p> <ul style="list-style-type: none"> management of the unit price master; aggregation of the number of transactions; and generation of billing data. <p>The internal control testing over the related IT systems included general IT control and application control testing involving our IT specialists.</p> <p>(2) Assessment of the accuracy of the amount of ATM-related fee income recognized</p> <p>In order to assess the accuracy of the amount of ATM-related fee income recognized, we:</p> <ul style="list-style-type: none"> 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 29, 2023

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, 2023)

Company Name	Seven Bank, Ltd.	Number of Employees	572 (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 "stable" 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, 2023)

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 MULIA INTERNASIONAL	Jakarta Special Capital Region, Indonesia	President: Jo Watabe	June 10, 2014	128.3 billion Indonesian Rupiah	ATM operation business	66.54%	—
Bank Business Factory Co., Ltd.	134 Godo 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: Gen Kawabe	January 11, 2018	475 million yen	Remittance and settlement services, Bank Agency Business	100%	—
Pito AxM Platform, Inc.	Taguig, Manila Metropolitan Area, Republic of the Philippines	President: Masanori Sakaguchi	April 1, 2019	3,215 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 Marunouchi, Chiyoda-ku, Tokyo, Japan	President: Yoshiki Yasuda	July 16, 2019	349 million yen	Identity verification and fraud detection platform business, Anti-phishing services	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%	—
VIVA VIDA MEDICAL LIFE CO., LTD.	482-2-201 Kamisoyagi, Yamato-shi, Kanagawa Prefecture, Japan	President and Representative Director: Shigeo Noguchi	September 14, 2007	45 million yen	Small Amount and Short Term Insurance	97.78%	—

Name and Address of Branches and Outlets (As of March 31, 2023)

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

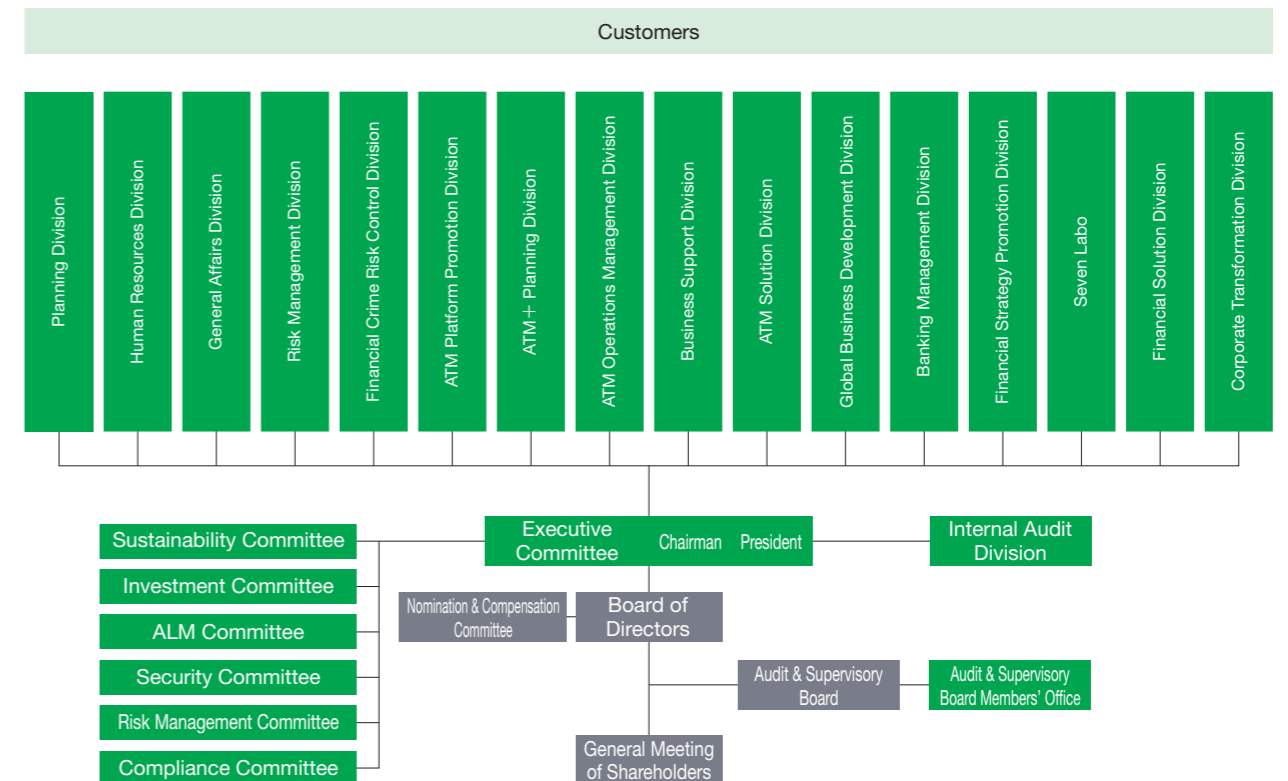
Joint Outlets Number of ATM installation locations and number of ATMs installed according to outlet

	Number of locations	Number of ATMs
Seven-Eleven	21,257	22,619
Others	3,732	4,294
Total	24,989	26,913

- 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

* Please refer to the Seven Bank Web site (<https://www.sevenbank.co.jp/english/>) for the latest information on ATMs.

Organization Chart (As of July 1, 2023)

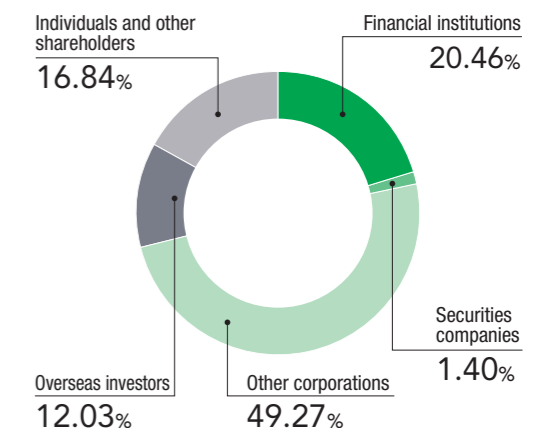


Status of Major Shareholders (As of March 31, 2023)

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)	97,763	8.28
Custody Bank of Japan, Ltd. (trust account)	57,475	4.87
Ito-Yokado Co., Ltd.	46,961	3.98
York-Benimaru Co., Ltd.	45,000	3.81
Sumitomo Mitsui Banking Corporation	15,000	1.27
The Dai-ichi Life Insurance Company, Limited	15,000	1.27
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP	14,747	1.25
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, 2023)



(Amounts have been truncated to the second decimal place.)

History (As of March 31, 2023)

<p>2001</p>	<p>April 6 Preliminary license received</p>  <p>April 10 IY Bank Co., Ltd. established (common stock: 20,205 million yen)</p>  <p>April 25 Banking business license received</p> <p>May 7 Initiated operations (began accepting applications for new accounts)</p>  <p>May 15 Initiated ATM services</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> <p>2004 March 31 Turned profitable on a single fiscal year basis</p> <p>2005 April 4 Number of ATMs installed exceeded 10,000</p> <p>Began handling time deposits for defined contribution pension plans</p> <p>July 26 Introduction of second-generation ATMs</p> 	<p>2005 October 11 Company name changed to Seven Bank, Ltd.</p>  <p>2006 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 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 February 29 Listed on the JASDAQ Securities Exchange (currently the Tokyo Stock Exchange JASDAQ Market)</p> <p>2010 January 25 Initiated personal loan services</p> <p>July 7 Established directly managed ATM corner</p>  <p>November 29 Introduction of third-generation ATMs</p>  <p>2011 March 22 Initiated international money transfer services</p> <p>December 1 Stock split</p> <p>Adopted share unit number system with 100 shares per unit</p>		<p>2011 December 26 Listed on the First Section of the Tokyo Stock Exchange</p>  <p>2012 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 September 27 U.S.-based subsidiary Financial Consulting & Trading International, Inc. acquired the ATM business of Global Axxess Corp.</p> <p>2014 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 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 October 17 Issued cash cards with a debit function</p> <p>2017 March 27 Began offering the ATM deposit/withdrawal service via smartphones</p> <p>October 1 Began real-time money transfers services</p> <p>2018 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 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>2019 July 16 Established ACSiON, Ltd., a joint venture operating security services</p> <p>September 26 Introduction of fourth-generation ATMs</p>  <p>2020 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 Sindy 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 Sindy 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 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 Sindy, 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> <p>2022 April 1 Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market</p> <p>April 1 Seven Payment Service, Ltd. began offering ATM money-collecting services</p> <p>July 1 Launched dynamic currency conversion service for cards issued overseas</p> <p>November 1 VIVA VIDA MEDICAL LIFE, Inc. becomes a subsidiary</p>
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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 ethos

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.

Code of Conduct

(Only items are excerpted)

1. Public mission and social responsibility
2. Customers come first put customers first
3. Act with integrity and fairness
4. Contribute to a sustainable society
5. Respect human rights
6. Respect diversity and improve job satisfaction
7. Prohibit relationships with antisocial forces, respond to terrorism and other threats

Seven Bank, Ltd.
Corporate Communication Office, Planning Division
6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Marunouchi Center Building

**Designated banking business dispute resolution body
under the Banking Act with which the Company has contracted**
Japanese Bankers Association

Contact: Japanese Bankers Association Customer Relations Center
Telephone: +81-3-5252-3772
Open Monday through Friday (excluding national and bank holidays)
Hours of operation: 09:00-17:00