

Integrated Report 2024

Financial Section

For the year ended March 31, 2024

Financial Information

Management's Discussion and Analysis	P1
Status of the Corporate Group	P7
Management Policy, Management Environment, Issues to be Addressed, etc.	P8
Consolidated Balance Sheets	P10
Consolidated Statements of Income	P11
Consolidated Statements of Comprehensive Income	P12
Consolidated Statements of Changes in Net Assets	P13
Consolidated Statements of Cash Flows	P14
Notes to Consolidated Financial Statements	P15
Independent Auditor's Report	P48

Corporate Information

Company Information	P53
Name and Address of Branches and Outlets	P53
History	P54

Summary of Fiscal 2023

The Japanese economy showed signs of recovery in personal consumption due to the normalization of economic activities, as behavioral restrictions were further eased, including the reclassification of the status of COVID-19 to "Class 5 infectious disease" under Infectious Disease Act. However, the economic outlook remained uncertain due to factors such as concerns about the impact of global monetary tightening as well as the impact of rising prices associated with soaring energy and raw material costs and that of fluctuations in interest rates and exchange rates.

In this 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. Profit increased due mainly to an increase in the total number of ATM transactions resulting from the restored movement of people and the recovery of demand for funds, as well as the impact of Seven Card Service Co., Ltd. becoming a consolidated subsidiary of the Bank on July 1, 2023. On the other hand, expenses increased due to the upgrade to new fourth-generation ATMs, software updates to accommodate new banknotes, and an increase in interest expenses at FCTI, Inc., a consolidated subsidiary, due to rising U.S. interest rates. However, these expenses were outweighed by the increase in profit, with the result that there was an increase in ordinary profit. Net income attributable to owners of the parent also increased due to the recording of extraordinary income including gain on bargain purchase resulting from the consolidation of Seven Card Service Co., Ltd. as a subsidiary.

As a result, the Bank's consolidated business results for fiscal 2023 are as follows: ordinary income was 197,877 million yen, ordinary profit was 30,526 million yen, and net income attributable to owners of the parent was 31,970 million yen.

As for the Bank's non-consolidated business results, ordinary income was 128,899 million yen, ordinary profit was 29,123 million yen, and net income was 19,320 million yen.

(1) Domestic Business (Bank Business and Other Segment)

During the consolidated fiscal year under review, the total number of ATM transactions was significantly higher than in the corresponding period of 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.

The number of our ATMs installed reached 27,422 as of March 31, 2024 (up 1.8% compared with the end of March 2023). The average number of daily transactions per ATM was 105.0 (up 3.4% year over year), and a total of 1,039 million ATM transactions were recorded (up 6.0% year over year).

As of March 31, 2024, we had partnered with 676 financial institutions, etc.* and the number of fourth-generation ATMs installed was 19,771 as of March 31, 2024 (up 47.3% compared with the end of March 2023).

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 the service platform strategy to expand the possibilities of ATMs by starting services enabling application through ATMs for using an Individual Number Card as a health insurance card, Mynaportal information sharing services, and a new service, "+Connect," to accept various applications to financial institutions through ATMs.

The business environment is expected to remain uncertain due to rising prices, fluctuations in interest rates and exchange rates, the advancement of cashless payments, and other factors, 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, 2024, the number of individual customer accounts increased steadily to 3,037,000 (up 10.2% compared with the end of March 2023), and the balance of individuals' deposits was 598,300 million yen (up 3.9% year over year). As of March 31, 2024, the balance of loan services for individual customers was 44,300 million yen (up 26.2% year over year).

For the consolidated fiscal year under review, the total amount handled of the "Seven Bank Deferred Payment Service" was 60,600 million yen (up 32.0% compared with the previous fiscal year).

As a result, the Domestic Business (Bank Business and Other) Segment recorded ordinary income of 133,574 million yen and ordinary profit of 29,227 million yen for the consolidated fiscal year under review.

(2) Credit Card and Electronic Money Business Segment

The Bank made Seven Card Service Co., Ltd. engaging in credit card business and electronic money business a consolidated subsidiary on July 1, 2023.

As of March 31, 2024, the number of credit card members was 3.54 million and credit card cashing balance was 10,500 million yen. Shopping transaction value using credit cards for the consolidated fiscal year (from July 2023 to March 2024) was 617,900 million yen.

As of March 31, 2024, the number of electronic money "nanaco" members was 82.16 million and electronic money transactions in value for the consolidated fiscal year (from July 2023 to March 2024) was 1,355,000 million yen.

As a result, the Credit Card and Electronic Money Business Segment recorded ordinary income of 26,836 million yen and ordinary profit of 3,583 million yen for the consolidated fiscal year under review.

(3) Overseas Business Segment

FCTI, Inc., a consolidated subsidiary of the Bank, has ATMs installed at 7-Eleven stores in the United States, the number of which was 8,602 as of December 31, 2023 (down 0.4% compared to December 31, 2022).

PT. ABADI TAMBAH MULIA INTERNASIONAL, a consolidated subsidiary of the Bank in Indonesia, has ATMs installed mainly at convenience chain stores in Indonesia, the

number of which was 7,959 as of December 31, 2023 (up 43.2% compared to December 31, 2022).

Additionally, Pito AxM Platform, Inc., a consolidated subsidiary of the Bank in the Philippines, has ATMs installed mainly at 7-Eleven stores in the Philippines, the number of which was 3,017 as of December 31, 2023 (up 29.8% compared to December 31, 2022).

As a result, the Overseas Business Segment recorded ordinary income of 38,862 million yen and ordinary loss of 1,771 million yen for the consolidated fiscal year under review.

We see the contribution to solving social issues that have become more visible and serious as society changes as a business opportunity, and aim to provide new financial services to meet the various needs of our customers in collaboration with external corporations while utilizing the Bank's knowhow accumulated to date.

Summary of Financial Position of Fiscal 2023

Assets

Total assets at the end of March 2024 were 1,717,818 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 988,932 million yen. The remainder mostly consisted of marketable securities of 118,077 million yen held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions, and 205,420 million yen representing ATM-related temporary payments, which are temporary advances from partner financial institutions.

Liabilities

Liabilities were 1,441,962 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 914,768 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 482,906 million yen and the balance of individuals' time deposits was 115,472 million yen.

Net assets

Net assets were 275,856 million yen. Of these, retained earnings were 201,836 million yen. The consolidated capital adequacy ratio (domestic standard) was 30.74%.

Summary of Cash Flows of Fiscal 2023

Cash and cash equivalents increased by 38,464 million yen during the fiscal year under review to 988,721 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 100,751 million yen. Factors contributing to cash included a net increase in deposits of 94,010 million yen and a net increase in call money of 60,000 million yen. These factors exceeded factors using cash, such as 43,217 million yen in a net decrease in ATM-related temporary accounts and 22,000 million yen in a net decrease in call loans.

Cash Flow from Investing Activities

Net cash used in investing activities was 51,937 million yen. Factors that used cash included purchase of securities of 37,590 million yen and purchase of intangible fixed assets of 21,534 million yen. These exceeded factors that provided cash such as proceeds from maturity of securities of 18,048 million yen.

Cash Flow from Financing Activities

Net cash used in financing activities was 12,090 million yen, due to factors including 12,966 million yen in dividends paid and 1,873 million yen in purchase of treasury stock.

Outlook for Fiscal 2024

The business results forecast for Fiscal 2024 is as follows:

(Consolidated business results forecast)

	Fiscal 2024	
		Year-over-year change
Ordinary income	215,000 million yen	Up 8.6%
Ordinary profit	28,000 million yen	Down 8.2%
Net income attributable to owners of the parent	19,500 million yen	Down 39.0%

* Foreign exchange rate assumed: USD1.00 = JPY145.00

(Non-consolidated business results forecast of the Bank)

	Fiscal 2024	
		Year-over-year change
Ordinary income	133,500 million yen	Up 3.5%
Ordinary profit	27,500 million yen	Down 5.5%
Net income	19,000 million yen	Down 1.6%

In the next fiscal year, we will continue to increase the number of ATMs installed and promote their use both in Japan and overseas. We will also promote the replacement of our ATMs with new, fourth-generation ATMs and expand our partners and services with our new service "+Connect," which utilizes the personal authentication function of our fourth-generation ATMs. In addition, we plan to actively acquire members for the credit card offered by our subsidiary Seven Card Service Co., Ltd., based on cooperation with "7iD," the Group's shared membership base.

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 (Bank Business and Other) Segment

Seven Bank substantially depends on the ATM platform business for its revenues for the Domestic Business (Bank Business and Other). 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.

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), transactions using Individual Number Cards, and the new service "+Connect" that utilizes the new type of ATMs, with the view to expanding their social value and increasing the number of ATM transactions.

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) Credit Card and Electronic Money Business Segment

A) Increasing competition for credit cards

In the credit card industry, deregulation and technological advances have led to intensifying competition with new

companies from other industries, making it more difficult for the Group to differentiate its strategies from those of its rivals. If the Group is unable to adequately respond to the competition, this could have an adverse effect on the Group's business performance and financial position.

B) Changes in economic conditions

The franchise fee that the Group receives from 7-Eleven, Ito-Yokado and other stores of the Seven & i Group, as well as from companies outside the Group, is set at a level that is deemed reasonable for the businesses of both parties.

However, if the franchise fee level is reduced, or if an agreement on the franchise fee level cannot be reached and an alliance is terminated, this could affect the Group's results and financial position.

C) Changes in regulations and legal systems

The Group operates in accordance with current regulations and with regulatory risks. The Group's business is subject to general laws and regulations related to company management as well as finance-related laws and regulations. However, future amendments to these laws and regulations, changes in their interpretation or tougher application of them, or the introduction of new legal regulations could have an adverse effect on the Group's business performance and financial position.

(3) Overseas Business Segment

A) Country risks

Seven Bank has consolidated subsidiaries that operate ATMs overseas. 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.

(4) 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, 2024, the Company controls 46.43% 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, 2024, Seven Bank had installed 23,445 ATMs at the Group stores (22,776 ATMs at 7-Eleven stores and 669 ATMs at other locations in the Group). In addition, the Bank has installed 3,977 ATMs at locations other than the Group stores. Thus, approximately 85% 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 Crimes Such As Money Laundering and Terrorist Financing

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 constantly monitors ATM and account usage and strengthens its systems for preventing financial crimes such as money laundering and terrorist financing, with a focus on protecting its customers. Also, its consolidated subsidiaries, such as Seven Card Service Co., Ltd., which operates credit card and money lending businesses, are also further strengthening the construction of risk management systems based on the risks involved in their respective businesses. 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

Seven Bank focuses on preventative measures and minimizes litigation risks in consultation with specialists including attorneys. 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 positive 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 related to the Group among customers, in markets, on the Internet, on social media, in e-mail, etc.
- Rumors related to the Group caused by inaccurate or arbitrary reporting by the 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 business partners, external contractors, or other parties the Group has transactions with

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 in the event that such a rumor is generated or responding externally in an appropriate manner in the event that an accident or a problem that affects the core of the Group's management occurs.

However, because the Group 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, 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 Prices and Labor Costs

Rising resource prices due to rising geopolitical tensions 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 13 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., Viva Vida Medical Life Co., Ltd., and Seven Card Service Co., Ltd.) and three affiliates (Seven Pay Co., Ltd., TORANOTEC Ltd., and TORANOTEC Asset Management Ltd.), operating in each business field in Japan and overseas.

Note: Seven Global Remit, Ltd. has been excluded from the scope of consolidation as of the end of June due to the transfer of shares effective on April 2, 2024.

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

(1) Domestic Business (Bank Business and Other) Segment

The Bank's group installed ATMs in stores such as 7-Eleven and Ito-Yokado belonging to companies of the Seven & i 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.

The Bank's group provides the 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, and also provides financial services that meet the needs of various customers by utilizing the knowledge of the Bank's group and collaborating with external corporations.

(2) Credit Card and Electronic Money Business Segment

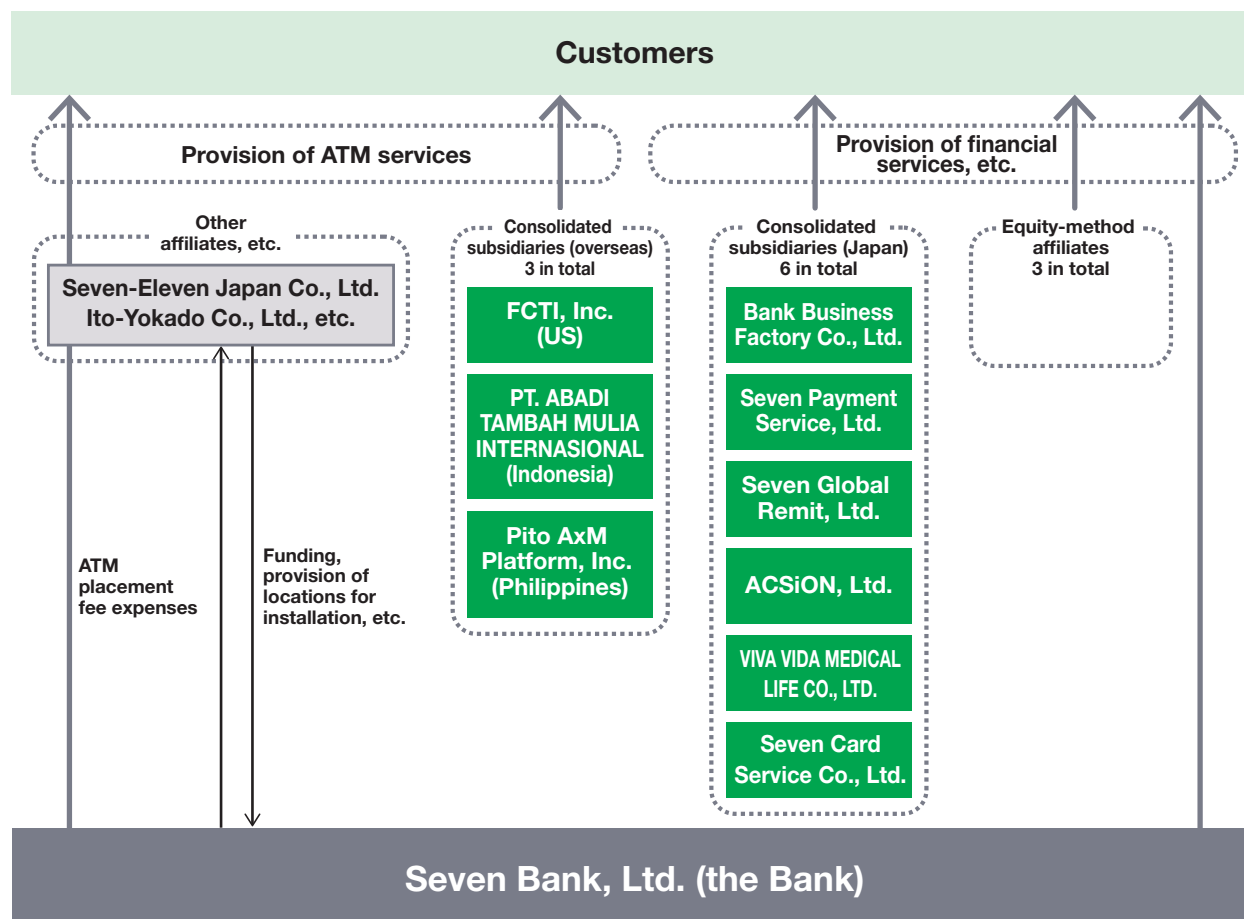
Seven Card Service Co., Ltd., a consolidated subsidiary of the Bank, operates non-bank businesses in Japan, primarily in the credit card business and electronic money business.

(3) 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

We shape the future of everyday life by seeing your wishes and going beyond

2. Management Ethos

- a. We aspire to be a trusted financial service provider that fully meets customer needs.
- b. We act to promptly introduce the benefits of technical innovation and pursue self-development.
- c. 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 co-prosperity by encouraging other financial institutions to make use of its easily accessible ATMs, thereby enhancing customer services and improving business efficiency.

Furthermore, we will integrate the Seven & i Group's banking and non-banking businesses to provide a wide range of financial services that are embedded in day-to-day lives of our customers, thereby attract a wider range of customers to our stores and, as a result, pursue synergistic effects that will improve the profitability of the Group.

(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 updated these KPIs on May 12, 2023.

	Results for FY2023	Target for FY2025 (as originally planned)	Target for FY2025 (updated)
Consolidated ordinary income	197,800 million yen	170,000 million yen	250,000 million yen
Consolidated ordinary profit	30,500 million yen	35,000 million yen	45,000 million yen
ROE	12.2%	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

"We shape the future of everyday life by seeing your wishes and going beyond" 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>

- (1) Reform of the Group's core ATM platform business and business diversification in strategic business fields through aggressive investment
- (2) 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.
- (3) 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 (Bank Business and Other) 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 has continued to increase due in part to a significant increase in the number of cash charge transactions with QR 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 over 70% of the total number of ATMs. Utilizing the newly implemented functions (personal authentication function, scanning function, etc.) of the fourth-generation ATM, the Bank started providing the new service “+Connect” in September 2023 to accept various applications to financial institutions through ATMs. The Bank will expand the areas 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 Group, including cooperation with “7iD” that boasts approximately 30 million members, and expand its efforts to develop and provide exceptional financial products unique to a bank that originated in a distribution group.
- As the number of foreign residents living in Japan increases, the Group will utilize its strengths, such as Seven Bank international money transfer services, collaboration with international money transfer businesses via Seven Bank ATMs, and collaboration with overseas Group companies, to provide financial services that are easy for foreign residents to use. The Group will thus create a society where everyone can live comfortably and contribute to the realization of multicultural symbiosis.

■ 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.

<Credit Card and Electronic Money Business Segment>

- Seven Card Service Co., Ltd., which became a consolidated subsidiary of the Bank in July 2023, is a settlement service company of the Seven & i Group. It issues and operates “Seven Card Plus/Seven Card” and the electronic money “nanaco,” supporting customer convenience in their daily lives. Going forward, it will integrate its operations with Seven Bank’s banking business, integrate and expand the know-how and expertise that both companies have cultivated, while deepening our collaboration with “7iD,” the Group’s common membership base, thus continuing to provide financial services that are embedded in everyday lives.

<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. In addition to the approximately 8,600 ATMs currently installed in 7-Eleven stores in the United States, the Bank will begin installing ATMs in approximately 3,000 Speedway stores, further strengthening its ATM network across the United States. Furthermore, the Bank will leverage this robust ATM network as a foundation to expand our collaboration with 7-Eleven, Inc. and provide unique financial services that combine retail and finance, aiming to strengthen our customer base in the U.S. market and diversify our business.
- In Asia, we continue to aggressively install ATMs in Indonesia and the Philippines, and have grown to become one of the largest ATM operators in both countries. 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 continue to 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 further improve its services in order to achieve its purpose: “We shape the future of everyday life by seeing your wishes and going beyond”

Consolidated Balance Sheets

Seven Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2024 and 2023

	Millions of yen	
	2024	2023
Assets:		
Cash and due from banks (Notes 3, 4, 5 and 7)	¥ 988,932	¥ 952,027
Call loans (Note 5)	50,000	28,000
Securities (Notes 5, 6, 7 and 8)	118,077	99,651
Loans (Notes 5 and 8)	56,289	35,111
Foreign exchanges (Note 8)	0	0
ATM-related temporary payments (Note 5)	205,420	98,296
Accounts receivable from credit card members (Notes 3 and 5)	134,340	—
Tangible fixed assets (Notes 9 and 30)	39,150	30,256
Intangible fixed assets (Note 10)	46,795	34,350
Asset for retirement benefits (Note 16)	2,615	1,113
Deferred tax assets (Note 26)	4,751	4,712
Other assets (Notes 5, 7, 8, 11 and 33)	76,038	30,273
Allowance for credit losses (Note 5)	(4,593)	(1,521)
Total assets	¥1,717,818	¥1,312,273
Liabilities:		
Deposits (Notes 5 and 12)	¥ 915,418	¥ 821,508
Call money (Note 5)	110,000	50,000
Borrowed money (Notes 5 and 13)	19,052	9,958
Bonds (Notes 5 and 14)	65,000	85,000
Income taxes payable	3,861	6,306
ATM-related temporary advances (Note 5)	118,566	54,773
Accounts payable for credit card business (Notes 3 and 5)	42,429	—
Deposits of electronic money (Notes 3 and 5)	70,899	—
Provision for bonuses	1,032	826
Liability for retirement benefits (Note 16)	25	15
Provision for retirement benefits of directors	29	—
Provision for stocks payment	812	631
Provision for loss on litigation	1,418	—
Deferred tax liabilities (Note 26)	99	34
Other liabilities (Notes 15, 29 and 32)	93,315	28,975
Total liabilities	1,441,962	1,058,031
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, 2024 and 2023	30,724	30,724
Capital surplus	30,850	30,864
Retained earnings	201,836	182,431
Treasury stock, at cost, 9,391 thousand shares as of March 31, 2024 and 3,098 thousand shares as of March 31, 2023	(2,744)	(900)
Total shareholders' equity	260,666	243,120
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sale securities, net of taxes (Note 6)	607	500
Foreign currency translation adjustments	8,574	6,783
Accumulated adjustments for retirement benefits (Note 16)	688	226
Total accumulated other comprehensive income	9,870	7,510
Subscription rights to shares	12	—
Non-controlling interests	5,306	3,611
Total net assets	275,856	254,242
Total liabilities and net assets	¥1,717,818	¥1,312,273

See accompanying notes.

Consolidated Statements of Income

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen	
	2024	2023
Income:		
Interest income	¥ 8,158	¥ 4,932
Interest on loans	7,453	4,669
Interest and dividends on securities	147	85
Interest on call loans	49	39
Other interest income	508	137
Fees and commissions income (Note 18)	186,235	147,718
Other operating income (Note 20)	309	488
Other income (Note 22)	25,501	1,851
Total income	220,203	154,990
Expenses:		
Interest expenses	1,174	815
Interest on deposits	32	33
Interest on call money	(59)	(25)
Interest on borrowed money	903	346
Interest on bonds	298	460
Fees and commissions expenses (Notes 19 and 29)	53,418	42,730
General and administrative expenses (Note 21)	108,084	79,723
Other expenses (Notes 23 and 24)	12,396	4,297
Total expenses	175,073	127,566
Income before income taxes	45,130	27,423
Income taxes (Note 26)		
Current	8,503	10,030
Deferred	4,667	(1,167)
Total income taxes	13,170	8,863
Net income	31,959	18,560
Net loss attributable to non-controlling interests	(11)	(294)
Net income attributable to owners of the parent	¥ 31,970	¥ 18,854

Amounts per share of common stock (Note 34):

	Yen	
	2024	2023
Net assets	¥ 231.24	¥ 213.08
Net income	27.25	16.03
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, 2024 and 2023

	Millions of yen	
	2024	2023
Net income	¥31,959	¥18,560
Other comprehensive income (Note 25)		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	107	(106)
Foreign currency translation adjustments	2,030	2,100
Adjustments for retirement benefits (Note 16)	289	(94)
Total other comprehensive income	2,428	1,898
Comprehensive income	¥34,387	¥20,459
Comprehensive income attributable to:		
Owners of the parent	¥34,156	¥20,723
Non-controlling interests	230	(264)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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
Fluctuation resulting from exclusion of affiliates accounted for using equity method					—
Net changes in items other than shareholders' equity ...					
Net changes in items during the period ...		99	5,882	272	6,255
Balance at April 1, 2023	¥30,724	¥30,864	¥182,431	¥ (900)	¥243,120
Changes in items during the period					
Cash dividends			(12,972)		(12,972)
Net income attributable to owners of the parent ...			31,970		31,970
Purchase of treasury stock				(1,873)	(1,873)
Disposal of treasury stock				30	30
Change in capital surplus due to change in equity of consolidated subsidiaries		(14)			(14)
Fluctuation resulting from exclusion of affiliates accounted for using equity method			406		406
Net changes in items other than shareholders' equity ...					
Net changes in items during the period ...		(14)	19,404	(1,843)	17,546
Balance at March 31, 2024	¥30,724	¥30,850	¥201,836	¥(2,744)	¥260,666

	Millions of yen						
	Accumulated other comprehensive income						
	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	Subscription rights to shares	Non-controlling interests	Total net assets
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
Fluctuation resulting from exclusion of affiliates accounted for using equity method							—
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 April 1, 2023	¥500	¥6,783	¥226	¥7,510		¥3,611	¥254,242
Changes in items during the period							
Cash dividends							(12,972)
Net income attributable to owners of the parent ...							31,970
Purchase of treasury stock							(1,873)
Disposal of treasury stock							30
Change in capital surplus due to change in equity of consolidated subsidiaries							(14)
Fluctuation resulting from exclusion of affiliates accounted for using equity method							406
Net changes in items other than shareholders' equity ...	107	1,790	461	2,360	¥12	1,695	4,067
Net changes in items during the period ...	107	1,790	461	2,360	12	1,695	21,614
Balance at March 31, 2024	¥ 607	¥8,574	¥688	¥9,870	¥12	¥5,306	¥275,856

See accompanying notes.

Consolidated Statements of Cash Flows

Seven Bank, Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of yen	
	2024	2023
Cash flows from operating activities:		
Income before income taxes	¥ 45,130	¥ 27,423
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation of fixed assets	23,302	19,526
Impairment losses	351	1,254
My Number points-related loss	4,619	—
Amortization of goodwill	90	30
Gain on bargain purchase	(21,540)	—
Equity in losses of affiliates	19	576
Net change in allowance for credit losses	(169)	1,017
Net change in provision for bonuses	138	15
Net change in asset or liability for retirement benefits	(256)	(182)
Net change in provision for retirement benefits of directors	(3)	—
Net change in provision for stocks payment	181	(142)
Net change in provision for loss on litigation	1,406	—
Interest income	(8,158)	(4,932)
Interest expenses	1,174	815
Net losses related to securities	820	(441)
Net losses on disposal of fixed assets	549	246
Net change in loans	(8,950)	(7,054)
Net change in deposits	93,910	30,820
Net change in borrowed money	8,298	8,318
Net change in due from banks, excluding cash equivalents	1,591	(1,591)
Net change in call loans	(22,000)	(28,000)
Net change in call money	60,000	50,000
Net change in bonds due to issuance and redemption	(20,000)	(20,000)
Net change in ATM-related temporary accounts	(43,217)	(8,291)
Net change in accounts receivable from credit card members	3,570	—
Net change in accounts payable for credit card business	1,396	—
Net change in deposits of electronic money	(9,765)	—
Interest received	8,391	5,083
Interest paid	(1,186)	(820)
Other – net	(6,099)	1,145
Subtotal	113,594	74,818
Income taxes paid	(12,849)	(8,268)
Income taxes refund	6	27
Net cash provided by operating activities	100,751	66,577
Cash flows from investing activities:		
Purchase of securities	(37,590)	(48,079)
Proceeds from sales of securities	1,279	1,947
Proceeds from redemption of securities	18,048	35,713
Purchase of tangible fixed assets	(17,739)	(13,328)
Proceeds from sales of tangible fixed assets	0	6
Purchase of intangible fixed assets	(21,534)	(11,991)
Purchase of shares of subsidiaries resulting in change in scope of consolidation ...	—	(459)
Net proceeds from purchase of shares of a subsidiary resulting in change in scope of consolidation ...	5,598	—
Net cash used in investing activities	(51,937)	(36,191)
Cash flows from financing activities:		
Proceeds from stock issuance to non-controlling interests	2,988	—
Purchase of shares of subsidiaries not resulting in a change in scope of consolidation ...	(189)	—
Dividends paid	(12,966)	(12,973)
Purchase of treasury stock	(1,873)	(0)
Other	(49)	—
Net cash used in financing activities	(12,090)	(12,973)
Effect of exchange rate changes on cash and cash equivalents	1,742	1,440
Net change in cash and cash equivalents	38,464	18,852
Cash and cash equivalents at the beginning of the year	950,256	931,404
Cash and cash equivalents at the end of the year (Notes 3 and 4)	¥988,721	¥950,256

See accompanying notes.

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 Act 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., VIVA VIDA MEDICAL LIFE Co., Ltd. and Seven Card Service Co., Ltd.

From the fiscal year ended March 31, 2024, Seven Card Service Co. Ltd. (hereinafter referred to as “7CE”) has become a consolidated subsidiary by the Bank’s purchase of the shares of the entity. Credd Finance, Ltd. has been excluded from the scope of consolidation due to completion of liquidation in the fiscal year ended March 31, 2024.

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.

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

Metaps Payment, Inc. has been excluded from the scope of affiliates accounted for using equity method because the Bank disposed the shares of the entity in the fiscal year ended March 31, 2024.

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, 2024 and 2023 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 loans and receivables 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 loans and receivables 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.

In accordance with the internal rules for self-assessment of assets, the Operation-related divisions perform the first assessment of all credits and the Bank's Risk Management Division, which is independent from the Bank's Operation-related divisions, performs the second assessment. The allowance is provided for based on the results of these assessments which are audited by the Internal Audit Division, which is independent from the Bank's operation-related divisions and the Risk Management Division.

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

(f) Provision for bonuses

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

(g) Provision for stocks payment

Provision 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) Provision for retirement benefits of directors

Provision for retirement benefits of directors is recorded by certain consolidated subsidiaries in the amount deemed to be accrued by the end of the fiscal year ended March 31, 2024 based on the estimated retirement benefits of directors.

(i) Provision for loss on litigation

Provision for loss on litigation is recorded in the amount of estimated losses on pending litigation.

(j) 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.

(k) 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.

- Financial services business focusing on credit card business and electronic money service business
- We have been providing financial services such as credit card business and electronic money business. With respect to the service fee income from providing these financial services, we recognize revenue at the time when a transaction is made for such services.

(l) 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.

(m) Amortization of goodwill

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

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) New 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

Certain expenses which were recorded under “General and administrative expenses” by certain overseas consolidated subsidiaries for the fiscal year ended March 31, 2023 have been recorded as ATM placement fee expenses, which is included in “Fees and commissions expenses” since the fiscal year ended March 31, 2024.

This change in presentation is made to disclose transactions more appropriately in the consolidated financial statements as the scale of business 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, 2023 have been reclassified.

As a result, “Fees and commissions expenses” of ¥42,258 million (including ATM placement fee expenses of ¥31,216 million) and “General and administrative expenses” of ¥80,195 million for the fiscal year ended March 31, 2023 have been reclassified as “Fees and commissions expenses” of ¥42,730 million (including ATM placement fee expenses of ¥31,688 million) and “General and administrative expenses” of ¥79,723 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 the Bank’s shares remaining in the BIP Trust as of March 31, 2024 and 2023 are ¥441 million and ¥332 million, and 1,462 thousand shares and 1,071 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 the Bank’s shares remaining in the Trust as of March 31, 2024 and 2023 are ¥1,145 million and ¥567 million and 4,092 thousand shares and 2,026 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, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Cash and due from banks	¥988,932	¥952,027
Time deposits	—	(1,591)
Other	(211)	(180)
Cash and cash equivalents	¥988,721	¥950,256

Major components of assets and liabilities of a new subsidiary included in the scope of consolidation as a result of the purchase of shares were as follows.

For the fiscal year ended March 31, 2024

The assets and liabilities of 7CE, which was consolidated as a result of the purchase of shares, at the time of consolidation and a reconciliation between the acquisition cost of shares and the proceeds from the acquisition of shares are as follows:

	Millions of yen
Assets	¥248,989
Accounts receivable from credit card members	137,910
Liabilities	(194,832)
Accounts payable for credit card business	(41,032)
Deposits of electronic money	(80,664)
Non-controlling interests	(617)
Gain on bargain purchase	(21,540)
Acquisition cost of shares	32,000
Cash and cash equivalents held by the newly consolidated subsidiary	(37,598)
Net proceeds from purchase of shares of a subsidiary resulting in a change in scope of consolidation	¥ (5,598)

4. Cash and Due from Banks

Cash and due from banks as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Cash	¥794,061	¥822,509
Due from banks	194,871	129,518
Total	¥988,932	¥952,027

5. Financial Instruments

1) Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Group 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 Group procures necessary cash for working capital mainly for cash held in ATMs and capital expenditure for ATM- and system-related infrastructure. The Group 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 Group 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 and investment trusts, deposits placed at highly rated partner financial institutions, and lending of funds in the call-money market. The Group 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 business accounts for most of the financial instruments the Group holds. The Group provides unutilized capital to call loan lending and is exposed to credit risk of the borrowers. Securities mainly consist of bonds and investment trusts 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 Group principally 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 Group cannot make necessary payments upon the due dates under certain circumstances where the Group 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 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

Market risk is measured using Value at Risk (VaR) for the overall assets and liabilities of the Bank. The variance-covariance method has been adopted to calculate VaR with reference to data from the past one year at a 99.9% confidence level assuming a 125-day holding period. As of March 31, 2024, the market risk quantity (maximum potential loss) was ¥17,114 million. In addition, given the characteristics of the business, in measuring the market risk, the interest period of cash assets has been recognized and cash assets have been deemed as five-year zero-coupon bonds with an average duration of approximately 2.5 years. Back-testing is regularly performed to compare the VaR calculated by the internal model against actual profit or 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, 2024 and 2023 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, ATM-related temporary advances, accounts payable for credit card business and deposits of electronic money are omitted because their fair value approximates the carrying amount due to the short settlement period.

March 31, 2024

	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Securities			
Available-for-sale securities	¥112,349	¥112,349	¥ —
(2) Loans	56,289		
Allowance for credit losses ¹	(454)		
	55,835	56,444	609
(3) Accounts receivable from credit card members	134,340		
Allowance for credit losses ¹	(2,345)		
	131,995	133,183	1,188
(4) Other assets ²	6,927		
Allowance for credit losses ^{1,2}	(1,600)		
	5,326	5,326	—
Total assets	¥305,506	¥307,304	¥1,797
(1) Deposits	¥915,418	¥915,436	¥17
(2) Borrowed money	19,052	19,052	—
(3) Bonds	65,000	64,632	(367)
Total liabilities	¥999,471	¥999,121	¥ (349)

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) Accounts receivable – members	—		
Allowance for credit losses ¹	—		
	—	—	—
(4) 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

* 1 Allowance for credit losses corresponding to loans, accounts receivable from credit card members 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	
	2024	2023
Unlisted equity securities ^{1 and 2}	¥1,650	¥1,774
Shares in an affiliated company ¹	—	847
Investments in partnership ³	4,077	3,165

* 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 ¥1,363 million and ¥664 million on unlisted equity securities are recognized for the fiscal years ended March 31, 2024 and 2023, 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, 2024	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	¥194,871	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	50,000	—	—	—	—	—
Securities:						
Available-for-sale securities with maturity	30,014	74,190	6,200	—	1,000	—
Japanese municipal bonds	12,114	51,690	1,400	—	—	—
Corporate bonds	17,900	22,500	4,800	—	1,000	—
Loans ¹	50,568	3,918	558	1	0	—
ATM-related temporary payments	205,420	—	—	—	—	—
Accounts receivable from credit card members ² ...	115,873	7,020	2,707	1,184	680	427
Other assets ³	5,617	—	—	—	—	—
Total	¥652,365	¥85,129	¥9,466	¥1,185	¥1,681	¥427

* 1. For loans, ¥1,242 million is excluded from loans that are not expected to be collected, which are for the debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors, as of March 31, 2024.

* 2. ¥6,445 million that is not expected to be collected from debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors are excluded from accounts receivable from credit card members, as of March 31, 2024.

* 3. ¥1,310 million that is not expected to be collected from debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors are excluded from other assets, as of March 31, 2024.

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	¥—

* 1. For loans, ¥104 million is excluded from loans that are not expected to be collected, which are for the debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors, as of March 31, 2023.

* 2. ¥1,008 million that is not expected to be collected from debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors are excluded from other assets, as of March 31, 2023.

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

March 31, 2024	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	¥811,044	¥61,950	¥42,422	¥—	¥—	¥—
Call money	110,000	—	—	—	—	—
Borrowed money	19,052	—	—	—	—	—
Bonds	15,000	—	50,000	—	—	—
Total	¥955,097	¥61,950	¥92,422	¥—	¥—	¥—

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	¥—	¥—

* 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, 2024	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Available-for-sale:				
Japanese municipal bonds	¥ —	¥ 65,327	¥—	¥65,327
Corporate bonds	—	46,181	—	46,181
Equity securities	839	—	—	839
Total assets	¥839	¥111,509	¥—	¥112,349

Year ended March 31, 2023	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
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

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

Year ended March 31, 2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans	¥—	¥ 44,239	¥ 12,205	¥ 56,444
Accounts receivable from credit card members	—	—	133,183	133,183
Other assets	—	—	5,326	5,326
Total assets	¥—	¥ 44,239	¥150,715	¥194,954
Deposits	¥—	¥915,436	¥ —	¥915,436
Borrowed money	—	19,052	—	19,052
Bonds	—	64,632	—	64,632
Total liabilities	¥—	¥999,121	¥ —	¥999,121

Year ended March 31, 2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans	¥—	¥ 34,999	¥78	¥ 35,078
Accounts receivable from credit card members	—	—	—	—
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

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) Accounts receivable from credit card members

The fair value of the receivables other than specific receivables described below is calculated by discounting the sum of principal and interests to present value using the market interest rates reflecting credit risk, etc., by the types of receivables. For short-term receivables, the fair value approximates the carrying amount less the estimated amount of credit losses. As a result, the amount after the reduction of the estimated credit losses is recognized as the fair value.

For specific receivables such as doubtful receivables, the estimated amount of credit losses is calculated based on the expected amounts to be recovered. As a result, the fair value approximates the carrying amount less the estimated amount of credit losses, and the carrying amount after the reduction of the estimated credit losses is recognized as the fair value.

The fair value of these receivables is classified as Level 3.

(4) Other assets

The carrying amount of other assets is presented as the fair value because the remaining terms of the payments are within one year. The fair value of other assets was classified as Level 2 in the fiscal year ended March 31, 2023, but it has been reclassified as Level 3 since the fiscal year ended March 31, 2024 due to the increased significance of unobservable inputs.

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	
	2024	2023
Equity securities	¥—	¥847

(2) The following tables summarize acquisition cost and carrying amount of securities with fair values available as of March 31, 2024 and 2023:

Available-for-sale securities:

March 31, 2024	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with higher balances than acquisition costs			
Equity securities	¥ 214	¥ 839	¥625
Bonds:			
Japanese municipal bonds	—	—	—
Corporate bonds	3,001	3,009	7
Total	¥3,216	¥3,849	¥633

Securities with the same or lower balances than acquisition costs	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Bonds:			
Japanese municipal bonds	¥ 65,495	¥ 65,327	¥(168)
Corporate bonds	43,381	43,172	(209)
Total	¥108,877	¥108,499	¥(377)
Grand total	¥112,093	¥112,349	¥ 256

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

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

March 31	Millions of yen	
	2024	2023
Unrealized gains (losses):		
On available-for-sale securities	¥ 875	¥ 720
Deferred tax liabilities	(268)	(220)
Net unrealized gains (losses) on available-for-sale securities, net of taxes	¥ 607	¥ 500

Note: Unrealized gains (losses) on investments in partnership, which do not have a market price, of ¥619 million and ¥ 588 million as of March 31, 2024 and 2023, respectively, are included in "Available-for-sale securities."

(4) Available-for-sale securities (equity securities) sold during the fiscal year ended March 31, 2024 were as follows:

	Millions of yen
Sales proceeds	¥79
Gain on sales	56
Loss on sales	¥—

(5) Securities of which the purpose of holding was changed

Shares in an affiliated company of ¥120 million were reclassified to available-for-sale securities as the affiliated company was excluded from the scope of affiliates accounted for using equity method because part of the shares were sold during the fiscal year ended March 31, 2024.

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 ¥102,612 million and ¥84,427 million as of March 31, 2024 and 2023, respectively.

Other assets included guarantee deposits of ¥2,779 million and ¥2,519 million as of March 31, 2024 and 2023, respectively, and deposits to Central Counterparty of ¥6,500 million and ¥1,700 million as of March 31, 2024 and 2023, respectively.

In addition, cash and due from banks of ¥211 million and ¥180 million as of March 31, 2024 and 2023, respectively, 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 (for which the whole or part of the redemption of the principal and payment of interest are guaranteed and which are 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	
	2024	2023
Loans under Bankruptcy/rehabilitation or similar proceedings	¥ 651	¥100
Risk loans	—	4
Delinquent loans past due over three months	68	1
Restructured loans	496	—
Total	¥1,216	¥106

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.

Loan Commitment

An overdraft contract or a revolving credit agreement is a contract where funds are loaned up to a certain limit, provided that there is no violation of the stipulated conditions in the contract, upon the customer's request for the execution of the loan. The unused portion of such contracts was as follows:

	Millions of yen	
	2024	2023
Unused credit facilities	¥30,006	¥27,987
Of which original contract period is within one year	30,006	27,987

A consolidated subsidiary of the Bank engages in cashing operations incidental to credit card business, etc. Unused credit facilities on loan commitment in the business as of March 31, 2024 were as follows:

	Millions of yen
Total amount of loan commitment	¥352,417
Used portion	10,618
Unused credit facilities	¥341,798

The above balances of unused credit facilities do not necessarily impact the future cash flows of the Bank and its consolidated subsidiaries as most of these contracts expire without being used.

9. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Buildings	¥ 1,970	¥ 1,804
ATMs	32,302	24,281
Other	4,877	4,170
Total	¥39,150	¥30,256

The accumulated depreciation of tangible fixed assets as of March 31, 2024 and 2023 amounted to ¥57,122 million and ¥58,601 million, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Software	¥36,530	¥27,342
Other	10,264	7,007
Total	¥46,795	¥34,350

11. Other Assets

Other assets as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Accrued income	¥12,994	¥11,366
Prepaid expenses	4,426	2,521
Other	58,617	16,386
Total	¥76,038	¥30,273

12. Deposits

Deposits as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Deposits	¥914,768	¥820,758
Negotiable certificates of deposit	650	750
Total	¥915,418	¥821,508

13. Borrowed Money

Borrowed money as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Borrowed money from banks and insurance companies	¥19,052	¥9,958

The weighted average interest rate applicable to the balance of total borrowed money as of March 31, 2024 was 6.61%.

The repayment schedule on borrowed money as of March 31, 2024 and 2023 were as follows:

Borrowed money	Millions of yen	
	2024	2023
Within one year	¥19,052	¥9,958
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, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Unsecured:		
0.53% unsecured bonds due December 20, 2024, date of issue December 17, 2014	¥ 15,000 [15,000]	¥ 15,000
0.39% unsecured bonds due September 17, 2027, date of issue October 20, 2017	30,000	30,000
0.16% unsecured bonds due December 20, 2023, date of issue January 25, 2019	—	20,000 [20,000]
0.38% unsecured bonds due December 20, 2028, date of issue January 25, 2019	20,000	20,000
Total	¥ 65,000 [15,000]	¥ 85,000 [20,000]

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

The repayment schedule on bonds as of March 31, 2024 and 2023 was as follows:

	Millions of yen	
	2024	2023
Within one year	¥15,000	¥20,000
Over one year but within two years	—	15,000
Over two years but within three years	—	—
Over three years but within four years	30,000	—
Over four years but within five years	20,000	30,000
Over five years	—	20,000

15. Other liabilities

Other liabilities as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Accrued expenses	¥13,189	¥10,327
Asset retirement obligations	817	736
Other	79,308	17,911
Total	¥93,315	¥28,975

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, 2024 and 2023

(1) Movement in projected benefit obligation

	Millions of yen	
	2024	2023
Balance at the beginning of the year	¥3,345	¥3,540
Service cost	416	349
Interest cost	66	18
Actuarial difference	(44)	(334)
Benefits paid	(212)	(226)
Changes due to a change in scope of consolidation	2,306	—
Other	1	(1)
Balance at the end of the year	¥5,880	¥3,345

(2) Movement in plan assets

	Millions of yen	
	2024	2023
Balance at the beginning of the year	¥4,443	¥4,578
Expected return on plan assets	135	91
Actuarial difference	465	(383)
Contributions paid by the employer	509	382
Benefits paid	(212)	(226)
Changes due to a change in scope of consolidation	3,127	—
Balance at the end of the year	¥8,469	¥4,443

(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	
	2024	2023
Funded projected benefit obligation	¥ 5,854	¥ 3,330
Plan assets	(8,469)	(4,443)
	(2,615)	(1,113)
Unfunded projected benefit obligation	25	15
Total net liability (asset) for retirement benefits at the end of the year	(2,589)	(1,098)
Liability for retirement benefits	25	15
Asset for retirement benefits	(2,615)	(1,113)
Total net liability (asset) for retirement benefits at the end of the year	¥(2,589)	¥(1,098)

(4) Retirement benefit costs

	Millions of yen	
	2024	2023
Service cost	¥ 416	¥ 349
Interest cost	66	18
Expected return on plan assets	(135)	(91)
Amortization of actuarial difference	(94)	(73)
Other	0	(2)
Retirement benefit costs	¥ 253	¥ 200

(5) Adjustments for retirement benefits

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

	Millions of yen	
	2024	2023
Actuarial difference	¥415	¥(122)
Total amount recognized for the year	¥415	¥(122)

(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	
	2024	2023
Unrecognized actuarial difference	¥1,008	¥340
Total balance at the end of the year	¥1,008	¥340

(7) Plan assets

(a) Plan assets comprise:

	2024	2023
Bonds	50%	50%
Equity securities	28%	26%
Other	22%	24%
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, 2024 and 2023 were as follows:

	2024	2023
Discount rate	1.3%	1.3%
Long-term expected rate of return on plan assets	2.0%	2.0%
Expected rate of salary increase	2.3%	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, 2024 and 2023 was ¥76 million and ¥67 million, respectively.

17. Net Assets

Under the Companies Act of Japan (the “Companies Act”), 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 Act of Japan (the “Banking Act”). The Banking Act 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 Companies Act.

18. Fees and Commissions Income

Fees and commissions income for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Remittance-related fee income	¥ 3,744	¥ 3,312
ATM-related fee income	149,446	135,122
Credit card operating income	10,058	—
Electronic money operating income	10,201	—
Other	12,783	9,283
Total	¥186,235	¥147,718

19. Fees and Commissions Expenses

Fees and commissions expenses for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Remittance-related fee expenses	¥ 1,808	¥ 1,508
ATM placement fee expenses	31,541	31,688
ATM-related fee expenses	10,187	5,663
Credit card operating expenses	4,306	—
Electronic money operating expenses	726	—
Other	4,849	3,870
Total	¥53,418	¥42,730

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, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Gains on foreign exchange transactions	¥309	¥488
Total	¥309	¥488

21. General and Administrative Expenses

Main items and amounts of general and administrative expenses for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen	
	2024	2023
Salary and allowance	¥12,642	¥ 9,904
Retirement benefit costs	340	267
Depreciation of fixed assets	23,302	19,526
Business outsourcing expenses	31,156	24,819

22. Other Income

Other income for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Gain on sales of fixed assets	¥ 0	¥ 6
Gain on sales of shares of subsidiaries and affiliates	785	—
Gain on bargain purchase	21,540	—
Gain on sales of equity securities, etc.	56	1,105
Gain on forfeiture of electronic money	1,639	—
Other	1,479	740
Total	¥25,501	¥1,851

23. Other Expenses

Other expenses for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Losses on disposal of fixed assets	¥ 549	¥ 252
Impairment losses	351	1,254
Provision of allowance for credit losses	2,179	1,017
Equity in losses of affiliates	19	576
My Number points-related loss ¹	4,619	—
Provision for loss on litigation ²	1,406	—
Losses on devaluation of equity and other securities	1,363	664
Other ³	1,907	532
Total	¥12,396	¥4,297

Notes: 1. My Number points-related loss

For the fiscal year ended March 31, 2024

Under the 2nd My Number points campaign led by the Japanese government, reward points (called "My Number points") were given to those individuals who applied My Number Card, which is the individual number card issued under the social security and tax number system in Japan (My Number system). Seven Card Service Co., Ltd. (hereinafter referred to as "7CE"), a consolidated subsidiary of the Bank, was one of the cashless payment operators who participated in the campaign, and issued My Number points in the form of "nanaco" points which 7CE issues in its electronic money business. Under the campaign, 7CE received money from the My Number Points Secretariat who administered the campaign at the amount equivalent to the points issued, less the amount of expiring points estimated based on the actual expiration rate in the past. In the case of 7CE, the points granted expires on either March 31, 2024 or March 31, 2025. During the 4th quarter of this fiscal year ended March 31, 2024, it was found that the actual rate of nanaco points that expired at the end of March 2024 was significantly below the originally estimated expiration rate and such significant reduction of the expiration rate was driven by the customers' higher usage of nanaco points granted as My Number points during the campaign.

As a result, the Group recorded My Number points-related loss of ¥4,619 million for the fiscal year ended March 31, 2024. The amount of loss consisted of (i) the actual difference between the originally estimated expiring points and the points that expired at the end of March 2024; and (ii) the difference between the original estimation and the current estimation of points that will expire at the end of March 2025.

2. Provision for loss on litigation

For the fiscal year ended March 31, 2024

The Group recorded a provision for loss on litigation for a lawsuit filed against FCTI, Inc., a consolidated subsidiary of the Bank, under other expenses at the expected amount of losses based on the current situation of the case to prepare for future losses in the fiscal year ended March 31, 2024.

3. "Other" for the fiscal year ended March 31, 2024 includes impairment losses of ¥299 million on corporate bonds with subscription rights to shares of TORANOTEC Ltd., which is an affiliate.

24. Impairment Losses

For the fiscal year ended March 31, 2024

Impairment losses on fixed assets for the fiscal year ended March 31, 2024 consisted of the following:

			Millions of yen
Location	Purpose	Classification	2024
Japan	Business assets	Buildings	¥ 8
		Other tangible fixed assets	7
		Software	251
		Other intangible fixed assets	70
		Other assets	14
Total			¥351

The Group identifies each Group company as the smallest identifiable group of assets that independently generates cash inflows.

For the above asset groups, their performance has continued to be below initial plans, and a review of future business plans has led to the conclusion that the recovery of the full amount of investments is no longer expected. As a result, 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.

For the fiscal year ended March 31, 2023

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

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

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.

25. Other Comprehensive Income

Other comprehensive income for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Net unrealized gains (losses) on available-for-sale securities, net of taxes		
Amount arising during the year	¥ 763	¥ (373)
Reclassification adjustment	(609)	220
Amount before income tax effect	154	(153)
Income tax effect	(47)	46
Total	¥ 107	¥ (106)
Foreign currency translation adjustments		
Amount arising during the year	¥2,030	¥2,100
Reclassification adjustment	—	—
Amount before income tax effect	2,030	2,100
Income tax effect	—	—
Total	¥2,030	¥2,100
Adjustments for retirement benefits		
Amount arising during the year	¥ 509	¥ (48)
Reclassification adjustment	(94)	(73)
Amount before income tax effect	415	(122)
Income tax effect	(125)	27
Total	¥ 289	¥ (94)
Total other comprehensive income	2,428	¥1,898

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	
	2024	2023
Deferred tax assets:		
Net operating loss carry forwards ³	¥ 6,369	¥ 4,049
Non-deductible losses on unredeemed points	3,038	—
Allowance for credit losses	1,003	468
Loss on valuation of securities	779	387
Provision for loss on litigation	377	—
Depreciation of fixed assets and impairment losses	333	1,161
Provision for bonuses	289	250
Provision for stocks payment	248	193
Asset retirement obligations	234	212
Enterprise tax	188	366
Retained losses on equity method affiliates	—	352
Other	1,334	172
Subtotal deferred tax assets	14,197	7,617
Valuation allowance for net operating loss carry forwards ³	(5,998)	(837)
Valuation allowance for total future deductible temporary differences	(2,129)	(1,132)
Subtotal valuation allowance ²	(8,128)	(1,969)
Total deferred tax assets	¥ 6,069	¥ 5,647
Deferred tax liabilities:		
Asset for retirement benefits	¥ (807)	¥ (337)
Net unrealized gains (losses) on available-for-sale securities	(268)	(220)
Adjustment for tangible fixed assets related to asset retirement obligations	(31)	(29)
Intangible fixed assets recognized with business combination	—	(1)
Other	(310)	(380)
Total deferred tax liabilities	(1,417)	(969)
Net deferred tax assets	¥ 4,652	¥ 4,677

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

	Millions of yen	
	2024	2023
Deferred tax assets	¥4,751	¥4,712
Deferred tax liabilities	¥ 99	¥ 34

2. Valuation allowance increased by ¥6,158 million compared with that of the previous fiscal year mainly due to increases in valuation allowance on tax loss carryforwards and losses on valuation of securities.

3. Net operating loss carry forwards and its deferred tax assets by term as of March 31, 2024 and 2023 were as follows:

March 31, 2024

	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 ..	¥—	¥215	¥155	¥—	¥—	¥5,998	¥6,369
Valuation allowance	—	—	—	—	—	(5,998)	(5,998)
Deferred tax assets	¥—	¥215	¥155	¥—	¥—	¥ —	² ¥ 370

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	² ¥3,212

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, 2024 and 2023 was as follows:

	2024	2023
Statutory tax rate	—%	30.62%
Non-deductible expenses, including entertainment expenses	—	0.13
Increase (decrease) in valuation allowance	—	2.47
Equity in losses of affiliates	—	0.64
Retained losses on equity method affiliates	—	(1.29)
Other	—	(0.26)
Effective tax rate	—%	32.32%

Note: The reconciliation of the material difference between the statutory tax rate and the effective income tax rate for the fiscal year ended March 31, 2024 is omitted because the difference is less than 5% of the statutory tax rate.

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, 2024 and 2023 were as follows:

Year ended March 31, 2024	Thousands of shares			
	April 1, 2023	Increase	Decrease	March 31, 2024
Shares issued				
Common stock	1,179,308	—	—	1,179,308
Total	1,179,308	—	—	1,179,308
Treasury stock				
Common stock ^{1, 2 and 3}	3,098	6,400	107	9,391
Total	3,098	6,400	107	9,391

Notes: 1. Increase in number of shares of treasury stock: 3,835 thousand shares due to acquisition to provide for the exercise of subscription rights to shares allotted as paid stock options, 2,565 thousand shares due to acquisition of the Bank's shares by the BIP Trust and ESOP Trust and 0 thousand shares due to acquisition of the Bank's shares that are less than one unit
2. Decrease in number of shares of treasury stock: 107 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, 2023 and March 31, 2024 included 3,098 thousand shares and 5,555 thousand shares of the Bank held by the BIP Trust and ESOP Trust, respectively.

Year ended March 31, 2023	Thousands of shares			
	April 1, 2022	Increase	Decrease	March 31, 2023
Shares issued				
Common stock	1,179,308	—	—	1,179,308
Total	1,179,308	—	—	1,179,308
Treasury stock				
Common stock ^{1, 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.

(2) Information on subscription rights to shares:

There were subscription rights to shares as stock options of ¥12 million issued by the Bank at March 31, 2024, but the balance of underlying shares was nil as the exercise period of the subscription rights to shares as stock options has yet to commence at March 31, 2024.

(3) Information on dividends:

(a) Dividends paid in the fiscal years ended March 31, 2024 and 2023

Year ended 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 ¹	¥6,486	Retained earnings	¥5.50	March 31, 2023	June 2, 2023
Common stock ²	¥6,486	Retained earnings	¥5.50	September 30, 2023	December 1, 2023

Notes: 1. Date of resolution: Board of Directors meeting held on May 19, 2023

Aggregate amount of dividends determined by the resolution of Board of Directors on May 19, 2023 includes ¥17 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 10, 2023

Aggregate amount of dividends determined by the resolution of Board of Directors on November 10, 2023 includes ¥30 million of dividends on the Bank's shares held by the BIP Trust and ESOP Trust.

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.

(b) Dividends to be paid in the fiscal year ending March 31, 2025

(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	¥6,465	Retained earnings	¥5.50	March 31, 2024	June 3, 2024

Note: Date of resolution: Board of Directors meeting held on May 17, 2024

Aggregate amount of dividends to be paid includes ¥30 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, 2024 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, 2024

(Transactions under common control)

Based on a resolution at the Board of Directors' meeting held on April 6, 2023, the Bank acquired 870,000 shares (ratio of voting rights to all shareholders: 98.86%, which has been rounded to the nearest two decimal places, and those that follow are the same) of 7CE held by Seven Financial Service Co., Ltd. and made it a consolidated subsidiary effective from July 1, 2023.

a. Outline of the business combination

(1) Name and business of the acquired company

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

Business: Credit card business and 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 bank 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 perspectives of customers and utilizing past knowledge and findings obtained at 7iD.

Outline of transaction:

Number of shares acquired: 870,000 shares
 Acquisition value: ¥32,000 million
 Ownership ratio after acquisition: 98.86%

b. Outline of accounting treatment applied

The transaction was accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (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).

29. Related Party Transactions

Related party transactions for the fiscal years ended March 31, 2024 and 2023 were as follows:

(1) Transactions between the Bank and related parties

(a) Parent company and major shareholders

Year ended March 31, 2024

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	¥15,331	Accrued expenses ³	¥1,438

Notes: 1. 38.61% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2024.

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, 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.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2024 and 2023.

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

As detailed in Note 28 “Business Combinations,” the Bank acquired the shares of 7CE from Seven Financial Service Co., Ltd., which has the same parent company as the Bank, in the fiscal year ended March 31, 2024.

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

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

There is no transaction for the fiscal years ended March 31, 2024 and 2023.

(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, 2024 and 2023.

(b) The Bank's unconsolidated subsidiaries and affiliates

There is no material transaction to be noted for the fiscal years ended March 31, 2024 and 2023.

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

Year ended March 31, 2024

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	¥ 11,881	Accrued expenses	¥ 1,025
Seven-Eleven Japan Co., Ltd.	Same parent company	Settlement of nanaco electronic money charged and used	¥178,564	Accounts payable	¥30,275
		Settlement of nanaco points awarded and used	17,619		
		Settlement of third party electronic money charged and used	107,537		

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. In addition, the terms and conditions of contracts with member stores for Seven-Eleven Japan Co., Ltd. are determined after price negotiations considering prevailing market trends.

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.

(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, 2024 and 2023 were as follows:

	Millions of yen	
	2024	2023
Due within one year	¥ 784	¥113
Due after one year	2,090	42
Total	¥2,875	¥156

31. Stock Options

On October 31, 2023, stock options (subscription rights to shares) were granted to the Directors, Audit & Supervisory Board Members and employees of the Bank and some of its subsidiaries. The related costs in the amount of ¥8 million were recorded under “General and administrative expenses” for the fiscal year ended March 31, 2024.

Gain on forfeited options due to expiration without exercise of rights of nil was recorded under “Other income” for the fiscal year ended March 31, 2024.

(1) Outline of stock options

Tenth Round-1
Subscription Rights to Shares

Date of resolution	October 6, 2023
Recipients	7 Directors and Audit & Supervisory Board Members and 253 employees of the Bank and 9 Directors and Audit & Supervisory Board Members and 149 employees of its subsidiaries
Class and number of underlying shares ¹	3,835,200 shares of common stock of the Bank
Grant date	October 31, 2023
Conditions for vesting	See Note 2 below.
Requisite service period	October 31, 2023 through May 31, 2026
Exercise period	June 1, 2026 through October 31, 2027

Notes: 1. The number of stock options is converted into the number of shares.

2. Conditions for vesting are defined as follows:

1) A holder of subscription rights to shares may exercise the subscription rights to shares 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 year ending March 31, 2026: ¥45.0 billion; and

C. Return on equity (ROE) 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 stock options.

4) If the exercise of the stock options 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.

(2) Details of the stock option

The details of stock options that existed in the fiscal year ended March 31, 2024, the number of which is converted into the number of shares, were as follows.

Number of stock options

Number of shares	Tenth Round-1 Subscription Rights to Shares
Before vesting	
At April 1, 2023	—
Granted	3,835,200
Forfeited	40,000
Vested	—
Outstanding at March 31, 2024	3,795,200
After vesting:	
At April 1, 2023	—
Vested	—
Exercised	—
Forfeited	—
Outstanding at March 31, 2024	—

Unit price information:

	Tenth Round-1 Subscription Rights to Shares
Exercise price	¥319.4
Average stock price at exercise	¥ —
Fair value at grant date	¥ 16

The method and assumptions used to measure the fair value of the stock options that existed in the fiscal year ended March 31, 2024 were as follows.

Tenth Round-1 Subscription Rights to Shares:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price 1:	17.06%
Estimated remaining outstanding period 2:	3.3 years
Estimated dividend ratio 3:	3.69% per share
Risk free interest rate 4:	0.216%

Notes: 1. Volatility was calculated based on past stock prices in the period from July 15, 2020 to October 31, 2023, the length which corresponds to the estimated remaining outstanding period in Note 2 below.

2. The estimated remaining outstanding period is determined using the period from the date of calculation to the intermediate point of the exercise period as the period up to the exercise of the stock options cannot be reasonably estimated.

3. The estimated dividend ratio is determined using the actual dividend payments for the fiscal year ended March 31, 2023.

4. The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.

In principle, the number of stock options vested are estimated by reflecting the actual number of forfeitures as it is difficult to reasonably estimate the number of forfeitures in the future.

32. 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: 0.0-8.2%

(3) The changes in asset retirement obligations for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen	
	2024	2023
Balance at the beginning of the year	¥736	¥696
Increase due to acquisition of tangible fixed assets	20	—
Accretion expense	37	4
Obligations settled in current period	—	(10)
Other increase (decrease)	23	45
Balance at the end of the year	¥817	¥736

33. Revenue Recognition

(1) Information on disaggregated revenue from contracts with customers

Information on disaggregated revenue from contracts with customers is described in Note 35 “Segment Information.”

(2) Basic information to understand revenue from contracts with customers

• Banking business focusing on the ATM platform business

The Bank, 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.

• Financial services business focusing on credit card business and electronic money business

7CE, which is a consolidated subsidiary of the Bank, conducts financial services business focusing on credit card business and electronic money business and receives service fee income from providing these financial services.

The transaction price in credit card business is based on an amount determined by multiplying the credit card settlement amount by a certain rate as stipulated in the contract with member stores. The Group recognizes revenue at the time of completion of the credit sales (intermediation of credit purchases by card holders) which is the performance obligation.

The transaction price in electronic money business is based on an amount determined by multiplying the electronic money settlement amount by a certain rate as stipulated in the contract with member stores. The Group recognizes revenue at the time of completion of the electronic money transaction.

(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, 2023	March 31, 2024
Receivables from contracts with customers	¥11,172	¥12,420

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

	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.

34. Per Share Data

Amounts per share as of March 31, 2024 and 2023 and for the fiscal years then ended were as follows:

March 31	Yen	
	2024	2023
Net assets per share	¥231.24	¥213.08

Years ended March 31	Yen	
	2024	2023
Net income per share	¥27.25	¥16.03

- Notes: 1. Net income per share (diluted) for the fiscal year ended March 31, 2024 is not presented because there is no potentially dilutive share. Net income per share (diluted) for the fiscal year ended March 31, 2023 is not presented since there are no potential 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, 2024 and 2023 were 5,555 thousand and 3,098 thousand, respectively.

March 31	Millions of yen, except thousands of shares	
	2024	2023
Net assets	¥ 275,856	¥ 254,242
Amount excluded from net assets	5,319	3,611
Of which, subscription rights to shares	12	—
Of which, non-controlling interests	5,306	3,611
Net assets attributable to common stock at the fiscal year end	¥ 270,537	¥ 250,630
Number of shares of common stock at the fiscal year end used for the calculation of net assets per share	1,169,916	1,176,209

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, 2024 and 2023 were 5,143 thousand and 3,353 thousand, respectively.

Years ended March 31	Millions of yen, except thousands of shares	
	2024	2023
Net income per share		
Net income attributable to owners of the parent	¥ 31,970	¥ 18,854
Amount not attributable to common shareholders	—	—
Net income attributable to common shareholders of the parent	¥ 31,970	¥ 18,854
Average number of shares of common stock during the year	1,172,826	1,175,954

For the fiscal year ended March 31, 2024, there were 38,352 units of subscription rights to shares issued based on a resolution at the Board of Directors' meeting held on October 6, 2023, which were not included when calculating net income per share (diluted) as they were not dilutive. For the fiscal year ended March 31, 2023, there was no such subscription right to shares.

35. 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 three reportable segments: "Domestic business (banking, etc.) segment," "Credit card/ Electronic money business segment" and "Overseas business segment." "Domestic business (banking, etc.) segment" mainly engages in banking business focusing on ATM platform business in Japan, "Credit card/ Electronic money business segment" mainly engages in non-bank business focusing on credit card business and electronic money business and "Overseas business segment" engages in ATM services 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) Changes in reportable segments

a. Changes in classification of reportable segments

The Bank reviewed the classification of reportable segments as 7CE became a consolidated subsidiary through purchase of its shares. The classification of reportable segments was changed from “Domestic business segment” and “Overseas business segment” to “Domestic business (banking, etc.) segment,” “Credit card/ Electronic money business segment” and “Overseas business segment” from the fiscal year ended March 31, 2024.

b. Change in name of reportable segment

The “Domestic business segment” has been renamed “Domestic business (banking, etc.) segment” to better indicate the business in accordance with the change in the classification of reportable segments. However, the change does not affect figures in the segment information.

The accompanying segment information for the fiscal year ended March 31, 2023 is restated using the classification after the change.

(4) Information on ordinary income, segment profit or loss, assets and other items and on disaggregated revenue are as follows:

Year ended March 31, 2024

	Millions of yen					
	Reportable segment				Adjustments	Consolidated
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Ordinary income:						
ATM fee	¥ 111,336	¥ —	¥38,156	¥ 149,493	¥ (47)	¥ 149,446
Credit card operating income	—	6,145	—	6,145	—	6,145
Electronic money operating income	—	10,201	—	10,201	—	10,201
Other	13,337	3,277	187	16,802	(448)	16,353
Ordinary income from customer contracts	124,674	19,624	38,344	182,643	(495)	182,147
Other	8,381	7,193	518	16,094	(363)	15,730
Ordinary income from external customers	133,055	26,818	38,862	198,737	(859)	197,877
Internal transactions	518	18	—	536	(536)	—
Total	¥ 133,574	¥ 26,836	¥38,862	¥ 199,273	¥ (1,396)	¥ 197,877
Segment profit (loss)	¥ 29,227	¥ 3,583	¥ (1,771)	¥ 31,039	¥ (512)	¥ 30,526
Segment assets	¥1,525,354	¥223,987	¥51,634	¥1,800,977	¥(83,158)	¥1,717,818
Other:						
Depreciation	¥ 18,772	¥ 1,559	¥ 2,970	¥ 23,302	¥ —	¥ 23,302
Amortization of goodwill	90	—	—	90	—	90
Interest income	6,177	1,546	434	8,158	—	8,158
Interest expenses	271	4	899	1,174	—	1,174
Equity in losses of affiliates	(19)	—	—	(19)	—	(19)
Impairment losses	351	—	—	351	—	351
Investments in equity-method affiliates	—	—	—	—	—	—
Increase in tangible and intangible fixed assets	32,346	2,742	3,755	38,844	—	38,844

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. Adjustments are mainly elimination of internal transactions.

3. Credit card/Electronic money business recorded My Number points related-loss of ¥4,619 million, that was not included in ‘Segment profit (loss)’ above.

Year ended March 31, 2023

	Millions of yen					
	Reportable segment				Adjustments	Consolidated
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Ordinary income:						
ATM fee	¥ 104,402	¥—	¥30,720	¥ 135,122	¥ —	¥ 135,122
Credit card operating income	—	—	—	—	—	—
Electronic money operating income	—	—	—	—	—	—
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 (loss)	¥ 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.

Related Information

(1) Information by service

For the fiscal year ended March 31, 2024

	Millions of yen		
	ATM related business	Other	Total
Ordinary income attributable to external customers	¥149,446	¥48,431	¥197,877

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

For the fiscal year ended March 31, 2023

	Millions of yen		
	ATM related business	Other	Total
Ordinary income attributable to external customers	¥135,122	¥19,861	¥154,984

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, 2024

Millions of yen			
Japan	U.S.	Other regions	Total
¥159,014	¥26,679	¥12,183	¥197,877

For the fiscal year ended March 31, 2023

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

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.

3. Main countries or regions included in "Other regions": Indonesia, the Philippines

(b) Tangible fixed assets

For the fiscal year ended March 31, 2024

Millions of yen				
Japan	U.S.	Indonesia	Philippines	Total
¥29,721	¥506	¥4,118	¥4,803	¥39,150

For the fiscal year ended March 31, 2023

Millions of yen				
Japan	U.S.	Indonesia	Philippines	Total
¥22,536	¥827	¥2,838	¥4,054	¥30,256

Changes in presentation

Tangible fixed assets located in Indonesia and the Philippines have been separately presented since the fiscal year ended March 31, 2024 due to increased significance. In order to reflect this change in presentation retrospectively, tangible fixed assets for the fiscal year ended March 31, 2023 have been reclassified.

As a result, ¥6,892 million that was presented under Asia for the fiscal year ended March 31, 2023 has been reclassified to ¥2,838 million under Indonesia and ¥4,054 million under the Philippines.

(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, 2024 and 2023.

Information on impairment losses on fixed assets for each reportable segment

For the fiscal year ended March 31, 2024

	Reportable segment				Other	Total
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Year ended March 31, 2024						
Impairment losses	¥351	¥—	¥—	¥351	¥—	¥351

For the fiscal year ended March 31, 2023

	Reportable segment				Other	Total
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Year ended March 31, 2023						
Impairment losses	¥1,254	¥—	¥—	¥1,254	¥—	¥1,254

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

For the fiscal year ended March 31, 2024

Year ended March 31, 2024	Millions of yen					
	Reportable segment				Other	Total
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Amortization	¥ 90	¥—	¥—	¥ 90	¥—	¥ 90
Unamortized balance	330	—	—	330	—	330

For the fiscal year ended March 31, 2023

Year ended March 31, 2023	Millions of yen					
	Reportable segment				Other	Total
	Domestic (banking, etc.)	Credit card/ Electronic money	Overseas	Total		
Amortization	¥ 30	¥—	¥—	¥ 30	¥—	¥ 30
Unamortized balance	420	—	—	420	—	420

Information on gain on bargain purchase for each reportable segment

For the fiscal year ended March 31, 2024

When the Bank made 7CE a consolidated subsidiary through purchase of its shares in the fiscal year ended March 31, 2024, Credit card/Electronic money business recorded a gain on bargain purchase of ¥21,540 million.

The gain on bargain purchase is not included in the segment profit above.

36. Significant Subsequent Events

(Sale of investment securities)

On July 18, 2024, the Bank executed a sale and purchase agreement to sell its investment securities as follows:

(1) Reason for the sale of investment securities

To respond to a request for sale of the investment securities in connection with listing of the investee's shares to a stock exchange

(2) Details of sale of investment securities

Securities sold: A listed security owned by the Bank

Date of sale: July 26, 2024

Gain on sale: ¥1,545 million

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of Seven Bank, Ltd.:

Report on the Audit of the Consolidated Financial Statements

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 at March 31, 2024 and 2023, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the amount of automatic teller machines (ATM)-related fee income recognized

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of income of the Company and its consolidated subsidiaries, ATM-related fee income of	The primary procedures we performed to assess the accuracy of the amount of ATM-related fee income recognized included the following:

¥149,446 million was recognized. Of this amount, ATM-related fee income of the Company amounted to ¥111,060 million, which represented approximately 50% of total income of ¥220,203 million.

ATM-related fee income of the Company is recognized based on calculations done by the IT system. However, in executing this system calculation, it is necessary to aggregate in a timely and accurate manner a large number of ATMs transactions nationwide and to reflect the fees of various different pricing structures correctly. Therefore, the accuracy of the amount of ATM-related fee income recognized in the consolidated statement of income has inherent risks.

In addition, auditors, in principle, are required to evaluate what kind of fraud risks exist based on a presumption that there are fraud risks in relation to revenue recognition in accordance with auditing standards.

As such, we performed our audit based on a presumption that the unit price master for ATM-related fee income has a risk to be manipulated arbitrarily, as the data entry for registration or modification of the unit price master is performed manually.

We, therefore, determined that our assessment of the accuracy of the amount of ATM-related fee income recognized was the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

(1) Internal control testing

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:

- management of the unit price master;
- aggregation of the number of transactions; and
- generation of billing data.

The internal control testing over the related IT systems included general IT control and application control testing involving our IT specialists.

(2) Assessment of the accuracy of the amount of ATM-related fee income recognized

In order to assess the accuracy of the amount of ATM-related fee income recognized, we:

- have compared the amount recognized with the amount recalculated by us based on contract unit prices and the number of transactions aggregated in the IT system;
- have compared newly registered/modified unit prices and their effective dates with contract information, after inspecting monthly fee billing data to identify partner companies for which unit prices were newly registered or modified;
- have compared the unit prices stated in the monthly billing data with contract unit prices, after inspecting Executive Committee meeting materials and approved documents to identify partner companies for which unit prices were newly registered or modified; and
- have compared the amount recognized with confirmation balances or cash receipt data for certain partner companies which were selected based on statistical random sampling techniques and specific sampling based on quantitative criteria.

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. Audit & Supervisory Board Members and Audit & Supervisory Board 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and Audit & Supervisory Board 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, 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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 108 million yen and 9 million yen, respectively.

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/Satoshi Hataoka

Designated Engagement Partner

Certified Public Accountant

/S/Tomoaki Takeuchi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
September 30, 2024

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, 2024)

Company Name	Seven Bank, Ltd.	Number of Employees	640 (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 Global 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 "positive"
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, 2024)

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%	—
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%	—
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%	—
Seven Card Service Co., Ltd.	4-5 Nibancho, Chiyoda-ku, Tokyo, Japan	President and Representative Director: Hisanao Kawada	October 31, 2001	7,500 million yen	Credit card business, electronic money business	100%	—
ABADI TAMBAH MULIA INTERNASIONAL MALAYSIA SDN. BHD.	Kuala Lumpur, Malaysia	CEO : Jo Watabe	May 30, 2024	13.2 million Malaysian Ringgit	ATM operation business	50.10%	—

Name and Address of Branches and Outlets (As of March 31, 2024)

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	21,425	22,776
Others	4,080	4,646
Total	25,505	27,422

Bank Agency ● Seven Payment Service, Ltd.
Head office

● Altius Link, Inc.
Yokohama Sales Office, Senri Sales Office, Sapporo Sales Office

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

History (As of March 31, 2024)

<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>アイワイバンク銀行</p> <p>April 25 Banking business license received</p> <p>May 7 Initiated operations (began accepting applications for new accounts)</p>  <p>IY Bank cash card</p> <p>May 15 Initiated ATM services</p>   <p>First-generation ATM</p> <p>May 23 Joined Japanese Bankers Association (full member)</p> <p>June 11 Connected to Zengin system</p> <p>June 13 Connected to BANCS</p> <p>June 18 Initiated money transfer services</p> <p>July 13 Number of ATMs installed exceeded 1,000</p> <p>December 1 Began services for acceptance of cash proceeds from sales</p> <p>December 17 Initiated Internet banking services</p>	<p>2005</p>	<p>October 11 Company name changed to Seven Bank, Ltd.</p>   <p>Seven Bank IC cash card</p> <p>2006</p> <p>January 3 Began operation of new accounting system</p> <p>March 20 Began providing time deposit service</p> <p>April 3 Began accepting IC cash cards with ATMs</p> <p>2007</p> <p>June 25 Began receiving outsourcing of ATM operation and administration</p> <p>July 11 Initiated services for cards issued overseas</p> <p>Started new installation of ATMs outside Seven & i Group</p> <p>September 3 ATMs became capable of topping up nanaco electronic money cards</p> <p>September 27 Completed installation of ATMs in Seven-Eleven and Ito-Yokado operating areas (36 prefectures at the time)</p> <p>November 26 Initiated ATM services for visually impaired customers (voice-guided transactions)</p> <p>December 17 Completed installation of ATMs in all 47 prefectures</p> <p>2008</p> <p>February 29 Listed on the JASDAQ Securities Exchange (currently the Tokyo Stock Exchange JASDAQ Market)</p> <p>2010</p> <p>January 25 Initiated personal loan services</p> <p>July 7 Established directly managed ATM corner</p>  <p>Shinjuku Kabukicho corner (internal view)</p> <p>November 29 Introduction of third-generation ATMs</p>  <p>Third-generation ATM</p>
<p>2004</p> <p>2005</p>	<p>March 31 Turned profitable on a single fiscal year basis</p> <p>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>Second-generation ATM</p>	<p>2011</p>	<p>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>

2011	<p>December 26 Listed on the First Section of the Tokyo Stock Exchange</p> 	2019	<p>September 26 Introduction of fourth-generation ATMs</p>  <p>Fourth-generation ATM</p>
2012	<p>June 27 Number of Seven Bank accounts exceeded 1 million</p> <p>October 6 Acquired all issued shares of Financial Consulting & Trading International, Inc. of the United States to make it a wholly owned subsidiary</p>	2020	<p>April 20 Launched "My Seven Bank," an app that enables instant account opening with a smartphone</p> <p>August 31 Began ATM services for Individual Number Card Points preregistration/application</p>
2014	<p>January 8 Initiated Seven Bank account ATM transaction screens in nine languages</p> <p>June 10 Established PT. ABADI TAMBAH MULIA INTERNASIONAL ("ATMi"), a joint venture operating ATMs in Indonesia</p> <p>July 1 Established Bank Business Factory Co., Ltd., a wholly owned subsidiary engaged in back-office support on commission</p> <p>July 31 Number of ATMs installed exceeded 20,000</p>	2021	<p>October 1 ACSION, Ltd. launched Detecker, a fraud detection platform</p> <p>December 8 ACSION, Ltd. launched proost, an online personal authentication service</p> <p>February 26 Pito AxM Platform, Inc. started operating ATM business in the Philippines</p> <p>March 26 Began ATM services for application to use Individual Number Card as a health insurance card</p>
2015	<p>August 6 PT. ABADI TAMBAH MULIA INTERNASIONAL started operating ATM business in Indonesia</p> <p>October 1 Financial Consulting & Trading International, Inc., a subsidiary in the United States, changed its name to "FCTI, Inc."</p> <p>December 16 Expansion of language options on ATM screens and slips to 12 languages, etc. when cards issued overseas are used</p>	2022	<p>April 5 Formulated Purpose of Seven Bank Group</p> <p>September 21 Launched Seven Bank Post Payment Service</p> <p>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>
2016	<p>October 17 Issued cash cards with a debit function</p>		<p>July 1 Launched dynamic currency conversion service for cards issued overseas</p>
2017	<p>March 27 Began offering the ATM deposit/withdrawal service via smartphones</p> <p>October 1 Began real-time money transfers services</p>		<p>November 1 VIVA VIDA MEDICAL LIFE, Inc. becomes a subsidiary</p>
2018	<p>January 11 Established Seven Payment Service, Ltd., a wholly owned subsidiary, which conducts remittance and settlement services</p> <p>May 7 Seven Payment Service, Ltd. began offering ATM cash receiving services</p> <p>October 15 Began handling a top-up service at ATMs for electronic money to transportation IC cards, etc.</p>	2023	<p>July 1 Seven Card Service Co., Ltd., which operates credit card and electronic money businesses, became a subsidiary.</p>  <p>Credit card "Seven Card Plus" Electronic money "nanaco"</p>
2019	<p>April 1 Established Pito AxM Platform, Inc., a wholly owned subsidiary in the Philippines operating ATMs</p> <p>April 5 Designated five "material issues"</p> <p>July 16 Established ACSION, Ltd., a joint venture operating security services</p>		<p>September 26 Launched a new service "+Connect" utilizing fourth-generation ATMs</p>
		2024	<p>May 30 Established ABADI TAMBAH MULIA INTERNASIONAL MALAYSIA SDN. BHD., a joint venture to operate ATMs in Malaysia.</p>