July 13, 2012

Seven Bank, Ltd.

Supplementary Note Regarding the Issue of Equity Remuneration Type Stock Options

Matters Relating to Transactions with Controlling Shareholders (Share Subscription Rights)

Seven Bank, Ltd. (Seven Bank, or the Bank) herewith issues the following explanation of a certain aspect of its transactions with controlling shareholders in the form of a supplementary note relating to the announcement issued by the Bank on July 6, 2012 entitled "Issue of Equity Remuneration Type Stock Options (Share Subscription Rights)."

1. The issue of equity remuneration type stock options in question falls into the category of "transactions with controlling shareholders," in that one of the directors of the Bank to whom it applies serves concurrently as a director of the Bank's parent company, Seven & i Holdings Co., Ltd.

2. With respect to the policy for the protection of minority shareholders with respect to transactions with controlling shareholders, Seven & i Holdings Co., Ltd. (hereinafter referred to as the Seven & i Holdings Group) is the parent company of Seven Bank, as it indirectly possesses 45.81% of the Bank's voting rights. Consequently, Seven & i Holdings Group is classified as a controlling shareholder whose transactions with the Bank are governed by the Timely Disclosure Rules. However, the Bank conducts its business operations on the basis of business strategies, personnel policies, and capital policies that are drawn up and determined entirely independently.

Moreover, from the standpoint of the protection of minority shareholders, the Bank appoints outside directors and outside corporate auditors whose status is independent and who pose no risk of a conflict of interest with the Bank's general shareholders. (As of June 19, 2012, five independent officers (directors and corporate auditors) have been appointed by the Bank.)

The Board of Directors of the Bank decided to issue the equity remuneration type stock options in question to further strengthen the correlation between the Bank's performance and the price of its shares in order to ensure that directors share with shareholders not only the benefits of share price rises, but also the risks associated with share price declines. This will increase the incentive and motivation of management with regard to achieving sustained growth and enhancing corporate value in the medium to long term. Moreover, two outside directors and three outside corporate auditors, who are independent officers, participated in the meeting of the Bank's Board of Directors regarding this matter, and as the two outside directors voted in favor of this resolution, we regard the resolution as being in accordance with the abovementioned policy.

3. To avoid conflicts of interest and to ensure fairness, the issue of equity remuneration type stock options in question will be conducted according to in-house regulations and procedures laid down by the Bank. Moreover, the details and provisos of the issue do not depart from the details and

provisos that apply in the case of share subscription rights in general, and are believed to be appropriate.

Furthermore, to ensure that the equity remuneration type stock options in question are not granted arbitrarily, we ask Plutus Consulting Co., Ltd., which is a third-party evaluation organization independent from both the Bank and the persons to whom the stock options would be granted, to calculate a fair value for the stock options, on the basis of which the stock options will be allotted.

4. Regarding the issue of the equity remuneration type stock options, one of the Bank's outside auditors, who is an independent officer with no conflict of interest with the Bank's controlling shareholder, on July 6 2012 expressed the opinion that, as the issue of equity remuneration type stock options in question would be conducted according to in-house regulations and procedures laid down by the Bank, and as the details and provisos of the issue would not depart from the details and provisos that apply in the case of share subscription rights in general, and would be deemed appropriate, the issue in question would therefore not be to the detriment of the Bank's minority shareholders.