



May 12, 2017  
Seven Bank, Ltd.

**Notice Concerning the Introduction of Performance-Based Stock Compensation Plan  
to Directors of the Bank**

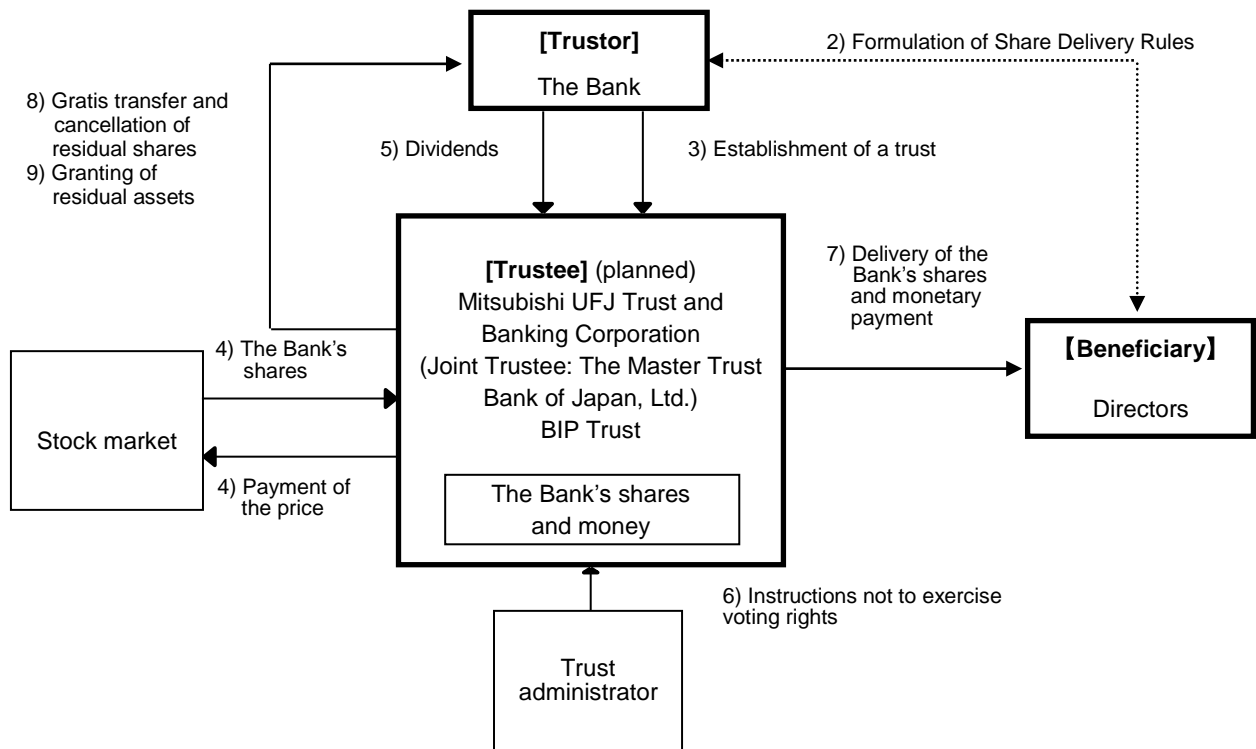
Seven Bank, Ltd. (the “Bank” below), hereby announces that it resolved at a meeting of the Board of Directors held today to introduce a Performance-Based Stock Compensation Plan (the “Plan” below) for the Bank’s Directors (excluding non-executive Directors and Directors residing overseas, the same applies below; hereinafter these directors are collectively referred to as the “Directors”), and to submit a proposal regarding the Plan to the 16th Ordinary General Meeting of Shareholders scheduled on June 19, 2017 (the “Meeting” below), along with the details of the Plan as described below.

1. Purpose, etc. of the Introduction of the Plan

- (1) The Bank decided to introduce the Plan for the Directors as an executive remuneration plan that is closely linked to the Bank’s business performance and shares the interests of the shareholders. By making a part of the Directors’ compensation subject to the business performance and the stock value of the Bank, the Plan aims to further raise motivation and morale in contributing to the medium- to long-term enhancement of performance and improvement of corporate value.  
Contingent on the approval of the Plan by resolution of the Meeting, stock options as share-based compensation will not be issued in the future.
- (2) The Plan adopts a framework called the Board Incentive Plan Trust (the “BIP Trust” below), which is an executive incentive plan based on the “Performance Share Plan” and “Restricted Stock Plan” of the United States. The BIP Trust delivers or pays (“deliver(y), etc.” below) the Bank’s shares acquired by the BIP Trust and money equivalent to the converted value of such shares (the “Bank’s shares, etc.” below) to the Directors as executive remuneration.

## 2. Framework of the Plan

### (1) Resolution of the General Meeting of Shareholders



- 1) The Bank obtains resolution for approval of the introduction of the Plan as executive remuneration at the Meeting.
- 2) Concerning the introduction of the Plan, the Bank establishes the Share Delivery Rules related to executive remuneration at the meeting of the Board of Directors.
- 3) The Bank establishes a trust with Directors who meet the beneficiary requirements as the beneficiaries such as retirement (the “Trust”) by entrusting money to the trustee within the limit as approved by the resolution of the Meeting in 1).
- 4) The Trustee follows the instructions of the trust administrator and acquires the Bank’s shares from the stock market using the money contributed in 3).
- 5) Dividends on the Bank’s shares held in the Trust are also paid in the same manner as the other shares of the Bank.
- 6) No voting rights shall be exercised on the Bank’s shares held in the Trust during the trust period.
- 7) During the trust period, the Bank’s shares, etc., shall be delivered, etc., from the Trust to the Directors who meet the beneficiary requirements (such as retirement, etc) in accordance with the Share Delivery Rules.
- 8) If there are residual shares at the expiry of the trust period, due to reasons such as underachievement of performance targets during the trust period, the Bank will either continuously use the Trust for the Plan, or as another incentive plan similar to the Plan, by making amendments to the trust agreement and additionally contributing to the Trust, or transfer the residual shares from the Trust to the Bank without payment, acquire them without payment and cancel them by resolution of the Board of Directors.
- 9) Upon termination of the Trust, residual assets remaining after the distribution to the beneficiaries will be reverted back to the Bank within the reserve for trust expenses at the amount after deducting the share acquisition fund from the trust money. Any portion in excess of the reserve for trust expenses will be donated

to organizations with no interest in the Bank and the Directors.

Note: In cases where during the trust period, there is a possibility that the number of the Bank's shares within the Trust becomes less than the number of shares corresponding to the number of points determined for each Director for the delivery, etc. of the Bank's shares (as stipulated in 3. (5) below), or that money within the Trust becomes insufficient to pay the trust fees and trust expenses, the Bank may additionally entrust money to the Trust within the amount of trust money under 3. (7) below.

### 3. Details of the Plan

#### (1) Outline of the Plan

The Plan is an executive remuneration plan covering three business years, from the fiscal year ending March 31, 2018, to the fiscal year ending March 31, 2020 (with a subsequent three business years in case the Trust is continued under (4) below), to delivery, etc. the Bank's shares, etc. according to factors such as the degree of attainment of performance targets.

#### (2) Resolution of the General Meeting of Shareholders regarding the introduction of the Plan

The maximum amount to be contributed to the Trust, the maximum number of shares to be delivered to the Directors (including the Bank's shares subject to conversion to money) and other necessary matters are determined by resolution of the Meeting. In case the Plan is continued under (4) below, within the range approved by the Meeting, amendments to the trust agreement and additional contributions to the Trust at the expiration of the trust period shall be determined by a resolution of the Board of Directors.

#### (3) Eligibility under the Plan (beneficiary requirements)

Upon meeting the following beneficiary requirements, the Directors will be entitled to the delivery, etc. of a number of the Bank's shares, etc. by the Trust corresponding to the number of points for the delivery of shares as defined in (5) below.

- 1) To hold office as Director of the Bank since the Plan's start date (including a person who newly becomes a Director of the Bank at a time after the Plan's start date)
- 2) To have retired from office as Director of the Bank or have been made to reside outside Japan due to overseas transfer
- 3) Not to have been perceived by the Bank's Board of Directors as a person who has violated the Bank's internal rules and acted against the interests of the Bank
- 4) To have the determined number of points for the delivery of shares (as defined in (5) below)
- 5) To satisfy other requirements considered necessary for fulfilling the purpose of the Plan as a stock compensation plan

#### (4) Trust period

Trust period of the Trust shall be three years from August 2017 (planned) to August 31, 2020 (planned).

At the expiration of the trust period, the Bank may continue the Trust by making amendments to the trust agreement and additional contributions to the Trust.

In such a case, the trust period of the Trust shall be extended approximately three years starting the date following the scheduled end date of the initial trust period. For each extended trust period, the Bank shall make an additional contribution within the maximum amount approved by the Meeting and continue to award points to the Directors during the extended trust period.

However, when making such an additional contribution, if there are remaining Bank's shares (excluding those corresponding to the number of points awarded to each Director that are not yet delivered to the Directors) and remaining money ("remaining shares, etc." below) within the trust assets at the end date of the Trust prior to its extension, the sum of the remaining shares, etc., and the money to be additionally contributed to the Trust shall be within the upper limit approved by the Meeting.

Also, in case Directors who may satisfy the beneficiary requirements are still incumbent at the expiration of the trust period, although no points shall be awarded to such Directors after the expiration, the trust period of the Trust may be extended up to the designated limit until the completion of the delivery, etc. of the Bank's shares, etc. to these Directors.

- (5) Number of the Bank's shares to be delivered to the Directors (including the shares of the Bank subject to conversion to money)

During the trust period, at a certain timing each year, the "Fixed Points" assigned to each rank in advance and the "Performance-Based Points," calculated by the point calculation formula below according to the degree of attainment of the Bank's performance targets for each business year, are awarded to each Director.

After a Director retires, the accumulated number of points ("Share Delivery Points" below), which is the sum of Fixed Points and Performance-Based Points, is calculated and the number of the Bank's shares, etc., corresponding to the Share Delivery Points are delivered to the Director. Number of the Bank's shares to be delivered, etc., shall be determined as one share per point. In the event of an increase or decrease in the number of the Bank's shares held in the Trust due to a share split, gratis allotment of shares or a share consolidation, etc., the Bank will make an adjustment to the number of the Bank's shares to be delivered for each point in accordance with the ratio of such increase or decrease.

(Fixed Points)

Monthly compensation amount by rank<sup>1</sup> × Fixed Points composition ratio<sup>1</sup> ÷ Average closing price<sup>2</sup> of the Bank's share on the Tokyo Stock Exchange in April of a business year (for the initial trust period, however, it will be in July 2017) that includes the start date of the trust period

(Performance-Based Points)

Monthly compensation amount by rank<sup>1</sup> × Performance-Based Points composition ratio<sup>1</sup> × performance-linked factors<sup>3</sup> ÷ Average closing price<sup>2</sup> of the Bank's share at the Tokyo Stock Exchange in April of a business year (for the initial Trust period, however, it will be in July 2017) that includes the start date of the trust period

(Share Delivery Points)

Sum of the accumulated Fixed Points and the accumulated Performance-Based Points as of the date when the beneficiary requirements, such as retirement, are met

1. The "Monthly compensation amount by rank," the "Fixed Points composition ratio" and the "Performance-Based Points composition ratio" are determined by taking into account such factors as the rank of the Director, executive remuneration, the ratio of cash remuneration to the total remuneration and the ratio of stock compensation to the total remuneration, and the ratio of Performance-Based compensation.
2. Decimal values arising in Fixed Points and Performance-Based Points shall be truncated.
3. Performance-linked factors range from 0 to 200% according to the degree of attainment of the Bank's performance targets for each business year, which is evaluated using such indicators as ordinary income and ordinary profit.

(6) Method and timing of the delivery, etc. of the Bank's shares, etc. to Directors

In case a Director fulfills the beneficiary requirements due to retirement, the Director, by taking a designated procedure to confirm his/her eligibility as a beneficiary, shall receive the number of the Bank's shares corresponding to the number of his/her Share Delivery Points, which is determined after retirement. (Provided, however, there is a possibility that a certain percentage of the Bank's shares delivered to the Director may be converted into money equivalent to the converted value of such shares within the Trust and paid to the Director.)

In the event that the beneficiary requirements are met because of the passing of a Director during the trust period, in principle, all the Bank's shares in the number that corresponds to the Share Delivery Points at the time of such passing shall be converted into money equivalent to the converted value thereof within the Trust, then such money shall be provided from the Trust to the heir of the Director. In the event that the beneficiary requirements are met because it was decided during the trust period that the Director is to assume a position overseas and reside outside Japan, in principle, all the Bank's shares in the number that corresponds to the Share Delivery Points at the point of such a decision shall be converted into money equivalent to the converted value thereof within the Trust, then such money shall be provided to the Director.

(7) The maximum total trust money to be contributed to the Trust and the maximum total number of points awarded to Directors within the Trust

The maximum total trust money to be contributed to the Trust during the trust period and the maximum total number of points awarded to Directors within the Trust shall be as follows, subject to the approval by resolution of the Meeting.

(The maximum total trust money to be contributed to the Trust)

¥ 400 million<sup>4</sup>

4. This is the total amount of the Trust's share acquisition fund and the trust fees and trust expenses.

(The annual maximum number of points to be granted to the Directors)

0.4 million points<sup>5</sup>

5. The maximum total number of points to be granted is determined based on the maximum total trust money with reference to the current stock price, among other factors.

The maximum number of the Bank's shares acquired by the Trust during the trust period (the "Number of Shares to be Acquired" below) is the number of shares (1.2 million shares) corresponding to the annual maximum number of points to be awarded to the Directors multiplied by 3, which is the number of years of a trust period.

(8) Method for the acquisition of the Bank's shares by the Trust

The Trust is scheduled to acquire the Bank's shares from the stock market within the range of the Trust's share acquisition fund and the Number of Shares to be Acquired, which are described in (7) above.

(9) Exercise of voting rights pertaining to the Bank's shares in the Trust

Voting rights of shares of the Bank in the Trust (the Bank's shares that remain in the Trust before they are delivered to the Directors of the Bank in accordance with (6) above) will not be exercised during the trust period to ensure neutrality to company management.

(10) Treatment of dividends on the Bank's shares in the Trust

Dividends arising from the shares of the Bank in the Trust shall be received by the Trust and appropriated to the trust fees and trust expenses for the Trust.

(11) Treatment at the expiration of the trust period

In cases where there are residual shares at the expiration of the trust period due to reasons such as underachievement of performance targets, the Bank may continue to use the Trust by way of the modification of the trust agreement and additional contribution to the Trust for the Plan or an incentive plan similar to the Plan. If the Trust is terminated at the expiration of the trust period, the residual shares are planned to be transferred from the Trust to the Bank without payment and the Bank will cancel them by a resolution of the Board of Directors.

Dividends arising from the shares of the Bank in the Trust shall be appropriated to the trust fees and trust expenses for the Trust. Residues, if any, at the eventual termination of the Trust after the aforementioned appropriation will be donated to organizations with no interest in the Bank or its Directors.

(Reference)

[Outline of the trust agreement of the Plan]

1) Type of trust	An individually operated specified trust of money other than money trust (third-party benefit trust)
2) Purpose of trust	To provide incentives to Directors of the Bank
3) Trustor	The Bank
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint Trustee: The Master Trust Bank of Japan, Ltd. (planned))
5) Beneficiary	Retired Directors who meet the beneficiary requirements
6) Trust administrator	A third party with no interest in the Bank (Certified Public Accountant)
7) Date of trust agreement	August 7, 2017 (planned)
8) Term of the Trust	August 7, 2017 (planned), through August 31, 2020 (planned)
9) Start date of the Plan	August 7, 2017 (planned)
10) Exercise of voting rights	Voting rights will not be exercised.
11) Class of shares to be acquired	Common stock of the Bank
12) Maximum amount of trust money	¥400 million (planned) (including trust fees and trust expenses)
13) Timing for acquiring shares	From August 14, 2017 (planned), to August 31, 2017 (planned)
14) Method of acquisition of shares	Acquisition in the stock market
15) Rights holder	The Bank
16) Residual assets	Residual assets that can be received by the Bank, which is the rights holder, shall be within the reserve for trust expenses calculated by deducting the share acquisition fund from the trust money.

Note: The scheduled dates mentioned above may be changed to appropriate dates in light of applicable laws and regulations.

[Details of administration relating to the trust and shares]

1) Trust-related administration	Mitsubishi UFJ Trust and Banking Corporation will be the trustee of the BIP Trust and perform trust-related administrative tasks.
2) Share-related administration	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform administrative tasks necessary for the delivery of the Bank's shares to the beneficiaries based on an administration service agreement.