

SEVEN BANK, LTD.

Annual Report 2011

For the year ended March 31, 2011



SEVEN BANK

Profile

Founded in 2001, Seven Bank, Ltd. specializes in the ATM business, and has expanded its network of ATMs throughout Japan with the motto “Everyone’s ATM network, anytime and anywhere, safe and secure.”

Aiming to earn the trust of all stakeholders and dedicated to fulfilling customers’ expectations, Seven Bank contributes to the stability and growth of Japan’s financial system by providing a secure and efficient settlement infrastructure.

Forward-Looking Statements

This document contains statements concerning the current plans, expectations, strategies, and beliefs of Seven Bank, Ltd. (“Seven Bank”). Statements contained herein that relate to future operating performance and that are not historical facts are forward-looking statements. Forward-looking statements may include, but are not limited to, words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” “potential,” “possibility,” and similar words that describe future operating activities, business performance, events, or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of Seven Bank, based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties, including, but not limited to, changes in the level of demand for the services offered by Seven Bank, challenges Seven Bank faces in achieving further growth, and various other factors. As a result of such risks and uncertainties, the actual business results of Seven Bank may vary substantially from the forecasts expressed or implied in forward-looking statements.

Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Seven Bank disclaims any obligation to revise forward-looking statements in light of new information, future events, or other findings.

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Contents

Seven Bank’s Principal Services	1
Financial Highlights	2
Seven Bank’s Strengths.....	3
To Our Shareholders and Investors	4
An Interview with the President	5
Seven Bank’s Customer-Oriented Approach	10
Unique Business Model	12
Introduction of Third-Generation ATMs	14
Ensuring Stable ATM Operations	16

Start of International Money Transfer Services	18
Improving Account Services and the Business Model	20
Enhancing Services at Manned Outlets	21
Corporate Governance	22
Management Team	27
Corporate Social Responsibility	28
Management’s Discussion and Analysis.....	30
Financial Statements	36
Investor Information	41

Seven Bank's Principal Services

ATM Services

We have installed more than 15,600 ATMs* in the nationwide store networks managed by Seven & i Holdings, which are focused around the Seven-Eleven Japan convenience stores network; in other public and commercial facilities; and our own ATM corner facilities. Holders of the cards of our 569 partner financial institutions* can make use of these ATMs.



- ATM services through the stores of the Seven & i Holdings Group
- ATM services available from our machines in other public and commercial facilities
- Our own ATM corner facilities
- A full range of services for operating and managing the ATMs of other financial institutions

*These figures are as of June 30, 2011.

Bank Account Services

Seven Bank offers convenient ordinary accounts that are available when needed, term deposits that provide customers with an easy way to build up their assets, personal loan services, and other bank account services. These services can be used via our nationwide network of ATMs as well as via personal computers and mobile phones. From March 2011, we began offering international money transfer services.



- Ordinary deposit accounts and term deposit accounts
- Domestic money transfers, payment, and online settlement services
- Personal loan services
- International money transfer services
- Acceptance of cash proceeds from sales (Business customers)
- Cash pickup and delivery services (Business customers)

Manned Outlet Services

Manned outlets offer customers services that include advisory services on financial matters and bank agency services involving the receipt of applications for the products of partner financial institutions.



- Accepting and forwarding services for applications for Seven Bank products and services
- Bank agency services (for housing loans and other services)

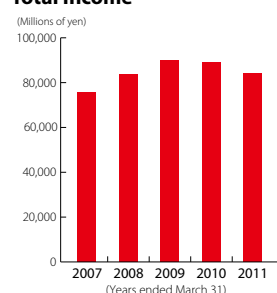
Financial Highlights

Seven Bank, Ltd.
Years ended March 31

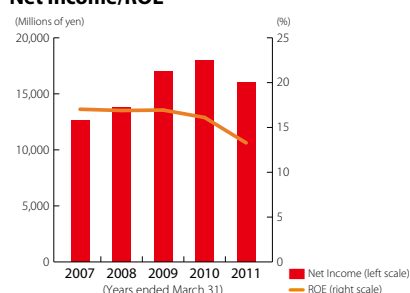
	Millions of yen					% Change
	2011	2010	2009	2008	2007	2011/2010
For the year:						
Total income	¥ 84,022	¥ 88,830	¥ 89,842	¥ 83,667	¥ 75,427	(5.4)%
Fees and commissions income	83,644	88,350	88,741	82,471	74,875	(5.3)
Fees and commissions expenses	10,011	9,691	9,183	8,328	6,491	3.2
Income before income taxes	26,999	30,306	28,736	23,343	21,009	(10.9)
Net income	16,008	17,953	16,988	13,830	12,667	(10.8)
At year-end:						
Total assets	¥ 600,061	¥ 502,782	¥ 493,360	¥ 488,137	¥ 532,757	19.3
Deposits	333,382	219,008	229,311	219,138	275,136	52.2
Total liabilities	485,522	392,843	394,966	399,162	458,907	23.5
Total net assets	114,539	109,939	98,393	88,974	73,849	4.1
Per share data:						
Net income	¥13,198.52	¥14,716.01	¥13,924.60	¥11,808.84	¥10,736.56	(10.3)%
Net assets	96,050.49	90,039.83	80,610.55	72,930.25	63,371.15	6.6
Dividends	5,200.00	5,200.00	4,900.00	4,200.00	5,000.00	0.0
Management indicators:						
Return on equity (ROE) (%)	13.28	16.11	16.94	16.89	17.03	—
Return on assets (ROA) (%)	4.66	5.49	5.13	4.75	5.59	—
Return on ATM cash (%)	7.58	9.05	8.30	7.83	8.73	—
Overhead ratio (%)	61.73	60.35	62.99	65.63	62.40	—
Payout ratio (%)	39.3	35.3	35.1	35.5	46.5	—

Notes: 1. Return on equity = net income/the daily average total shareholders' equity
2. Return on assets = net operating profit (*gyomu jun-eki*)/the average of total assets
3. Return on ATM cash = (ATM related fee income - interest expenses - ATM placement fee expenses - general and administrative expenses)/daily average balance of cash and due from banks
4. Overhead ratio = general and administrative expenses/gross operating profit (*gyomu ararieki*)

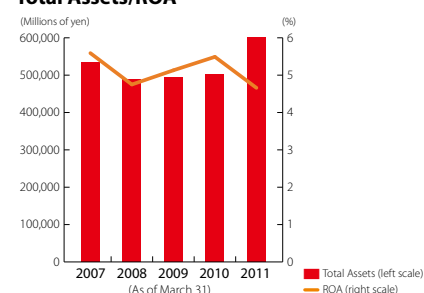
Total Income



Net Income/ROE

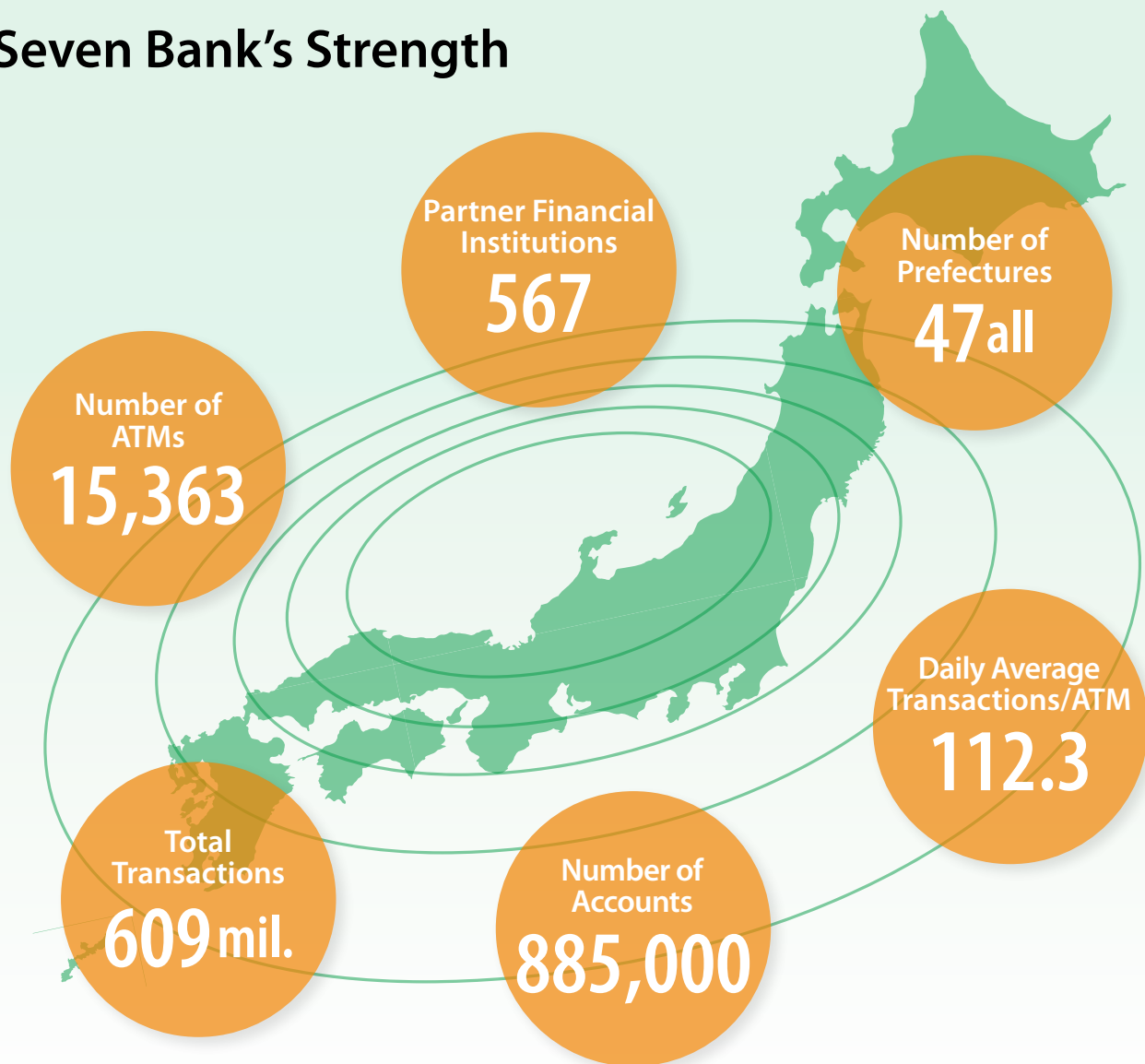


Total Assets/ROA





Seven Bank's Strength



As of March 31, 2011

Fiscal 2010 Financial Results

- ATM installations and transactions with deposit-taking financial institutions increased steadily. Revenue and profits declined, however, due to the significant impact of the decline in transactions with non-banks and revision of terms of business.
- Though total income undershot the target, reductions in total expenses enabled Seven Bank to achieve its target for net income.
- The Bank returned profits to shareholders through semiannual dividends and share buybacks.
 - (1) Interim Dividends: 2,600 yen per share / year-end: 2,600 yen per share
 - (2) Buybacks: 29,147 shares repurchased for 4.99 billion yenTotal return ratio 70.3%

Fiscal 2011 Outlook

- Higher revenues expected because of expansion of the ATM installed base and growth in the customer base.
- Higher profits expected due to continued tight cost controls to offset higher depreciation and other expenses stemming from new services and rollout of third-generation (3G) ATMs.

As of March 31, 2011



To Our Shareholders and Investors

Realizing Corporate Growth by Providing Innovative Services



二子石 謙輔

President and Representative Director
Kensuke Futagoishi

安高 隆

Chairman and Representative Director
Takashi Anzai

In May 2001, Seven Bank was established in response to the voices of many Seven-Eleven Japan customers who said “It would really be great if there were ATMs in Seven-Eleven stores,” and the Bank operations have now been under way for more than a decade. During this period, our epochal business model focused on ATM fee income received from partner financial institutions has enabled us to maintain stable corporate growth.

Currently, we are endeavoring to maximize the benefits of our nationwide ATM network by broadening the spectrum of our innovative services that are tailored to people’s lifestyles to include such additional services as ATM services available for cards issued overseas, personal loan services, and international money transfer services. We are working to expand the scope of our business operations still further, while considering the potential for future business expansion overseas.

Going forward, we will continue to give top priority to providing customer-oriented services as we strive to further strengthen our ATM operations. At the same time, we will create new businesses that effectively leverage our infrastructure and know-how to dynamically pioneer additional growth business fields.



An Interview with the President

Marking the 10th Year since Our Establishment and Aiming for Stable, Sustained Growth in the Years Ahead



What factors have accounted for Seven Bank's stable growth over the last 10 years?



The strong support we have received from our customers, our partner financial institutions, and Seven-Eleven.

Over the past 10 years, ATMs in convenience stores have become an integral part of people's lives and are now practically indispensable. We have been successful in installing ATMs in convenience stores, which are an idea that was born from customer needs, making them part of the lifestyle infrastructure. Three key groups—our customers who use Seven Bank ATMs, our partner financial institutions, and Seven-Eleven, where our ATMs are located—have recognized that Seven Bank ATMs are providing a service with major merits. That is the principal factor that has accounted for our growth.

When we began operations, people still regarded ATMs as machines that were located and used in banks. Financial institutions still regarded ATM services as something only they could provide for their own customers. However, I think customer needs were not being satisfied. At that time, Japan's convenience stores had already become a part of the lifestyle infrastructure. If we installed ATMs, then Seven-Eleven stores could provide not only food products and other daily necessities but also cash, which is another daily necessity. From the consumer's point of view, this would be extremely convenient. Seven-Eleven had already clearly perceived this need. From convenience stores' perspectives also, installing ATMs would increase the number of customers visiting the store. For financial institutions, being able to make use

of a common ATM infrastructure would help to restrain costs. Since many people use our ATMs and for other reasons, financial institutions have realized the value of Seven Bank ATMs, and the number of our partner financial institutions has expanded.

Today, ATM users, partner financial institutions, and stores tell us "We could not do without ATMs." This makes us very happy but it also makes us feel we have a big responsibility.



Why do you think your business model, which relies only on fees earned from ATM usage, has been so successful?



We have created a new lifestyle culture, based on retailing concepts, where customers visit convenience stores to withdraw funds for everyday use.

I think the idea that a business that just relied on fees from ATM services could not be viable was an accepted stereotype in the financial community when Seven Bank was established. At that time, ATM services were already a kind of fee business around the world, but there was no business model like this in Japan. However, even small fees generated by individual ATM transactions grow to enormous volumes when many customers make cash deposits and withdrawals. Seven-Eleven is a dominant presence, with stores located all over Japan, and has a powerful brand. Even when Seven Bank was established, ATMs in convenience stores were a viable business. When Seven Bank, which has a banking license, went into the



ATM service business, it was able to win the confidence of its customers.

Other convenience store chains rely on different banks in differing regions to manage their ATMs. This means that, even if customers use the ATMs of the same convenience store chain, the screens that appear on the ATMs and the method of operation may differ from one region to another. In contrast, Seven Bank ATMs operate in the same way in every part of Japan, and the screens that appear are those of the customer's bank.

As of June 30, 2011, Seven Bank had more than 15,600 ATMs installed, and these handle more than 600 million transactions annually. Beginning in November 2010, we began to install our third-generation (3G) ATMs. Looking ahead, ATMs will continue to evolve and the number of units installed will rise.

Q Could you please summarize your financial results for fiscal 2010?

A Total usage of our ATMs rose steadily, and in fiscal 2011 we are expecting to see the return of rising trends in total income and net income.

For fiscal 2010, ended March 31, 2011, we reported total income of 84,022 million yen, income before income taxes of 26,999 million yen, and net income of 16,008 million yen.

The total number of transactions showed a steady increase, supported by an increase in the number of ATMs installed and increasing use by customers of deposit-taking financial institutions; however, total

income decreased. This was because consumer non-bank usage declined, accompanying the full implementation of revisions in Japan's Money Lending Business Act, and revisions, ongoing from the previous fiscal year, in the level of fees received from partner banks for certain ATM services. We reported an extraordinary loss of 356 million yen for the fiscal year because of the destruction of ATMs and other assets owing to the effects of the Great East Japan Earthquake.

In fiscal 2011, although the decline in non-bank transactions is expected to continue, the total number of transactions is expected to show a steady rise, and the outlook is for an increase in total income. Profitwise, we are continuing to restrain expenses, but operating expenses will rise above those in fiscal 2010 due to investments and expenditures for future growth. These will include cost rises as a result of the commencement of international money transfer services and the installation of 3G ATMs. However, the increase in total income is expected to exceed the rise in costs, leading to the return of rising trends in total income and net income.

In the medium term, we will work to create new sources of earnings by further developing our offering of financial services, including international money transfer services and personal loan services. We began to provide international money transfer services via the Internet in March 2011, and then made these services available through our ATMs in July 2011. We have mainly targeted individuals who have come from abroad to work in Japan, and these services have earned a reputation for being simple and easy to use. The number of persons coming from overseas to take jobs in Japan is certain to increase in the years ahead because of the demographic aging of the Japanese population and declining birthrate. We are currently undertaking a number of initiatives to acquaint members of foreign worker communities in Japan with these services. Foreign workers confront inconveniences and other difficulties when they conduct face-to-face transactions in bank branches, while, for their part, banks are more interested in handling large remittances for corporations. The international money transfer services that we have begun are intended to fill this need, and, in this area also, we are working to draw on the strengths of Seven Bank to meet customer needs.



What is your scenario for Seven Bank's growth over the next 10 years?



We are implementing three sets of measures for achieving growth in the short, the medium, and the long terms.

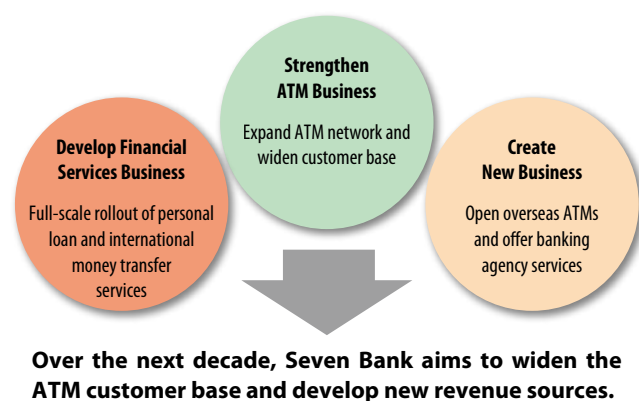
We will grow in the short term by strengthening our ATM business. This will mean expanding ATM installations and expanding the ATM user base through developing new users. We will also work to expand the number of partner financial institutions in areas where Seven-Eleven does not have a presence.

In the long term, we are considering developing new businesses. These will include expanding our ATM network outside Japan and providing subcontracting services for banking operations. Overseas expansion of our ATM network is related to the needs of ATM users and to the very strong needs of Seven-Eleven stores overseas for the efficient management of cash generated from sales. Financial institutions overseas also have begun to realize at last that this is no longer a time when they can expand their ATM networks on their own. We are considering the overseas expansion of our ATM network and are continuing to conduct research aimed at the eventual realization of this objective.



Another new business area under consideration is providing outsourcing services for banking operations. Concentrating the back-office operations that are currently conducted by financial institutions themselves can contribute to improving efficiency and lowering costs. Since Seven Bank is in a neutral position with respect to other financial institutions, we believe it will be possible for us to provide subcontracting services of this kind.

Seven Bank Business Initiatives



Q The Great East Japan Earthquake that struck on March 11, 2011, caused unprecedented damage. How did you handle this crisis?

A We continued our business operations on the strong foundation that we have built. In the areas affected by the earthquake, we introduced mobile ATMs as quickly as possible.

The earthquake gave me a renewed appreciation of the role of ATMs as part of the infrastructure. After the disaster occurred, about 2,100 of our ATMs, mainly in the stricken areas, went out of service, but the approximately

13,000 of our other ATMs were unaffected. Seven Bank has ATMs located throughout Japan, so it was important for us to continue to provide proper service to customers in areas that were not affected by the earthquake. Seven Bank has two computer system centers and ATM call centers: one in east Japan and the other in the western part of the country. Following the earthquake, we were unable to use our east call center in Tokyo temporarily, but our west call center in Osaka took care of all our ATMs, without any confusion. I might also add that we had no computer system problems and operations continued to operate smoothly.

As of the end of March 2011, about 70 ATMs in the areas affected by the disaster were out of service. This was because the stores where they were located had been destroyed by the tsunami and the area suffered considerable damage. The issue we faced was how to provide ATM services to people remaining in these areas. However, the conditions for installing ATMs there were not satisfied, but the idea that surfaced next was to use mobile ATMs. We completed the preparations for these mobile units in just one month, installing only a minimum of equipment, but by providing for security, they went into service in May. Electric power and telephone lines had not been restored to service in these areas, and we received words of encouragement, such as "We are amazed that you could do this!". Other banks asked us how we could provide mobile service so quickly, but we believe that it was due to Seven Bank's rejection of preconceived notions and ability to move fast. Seven Bank came into being because of one comment, "There is only one reason why we are doing it. Because our customers want and need it." The mobile ATMs are another example of putting this into practice.



How do you plan to provide a return to shareholders?



We are considering share buybacks, giving due regard to market and other conditions, and we intend to maintain a dividend payout ratio of 35% or more.

For our shareholders, we want to maintain a dividend payout ratio of 35% or more and maintain stability in our dividend payments. Between November 2010 and February 2011, we purchased a total of approximately 30,000 of our own shares from the market, using the entrustment method, with a maximum limit of 5.0 billion yen.

Seven Bank has a very high capital adequacy ratio for a bank, but to continue the stable operation of our ATM network, which is an integral part of the social infrastructure, we must have working capital to maintain cash in our ATMs and make capital investments. We also have to make investments for future growth. Looking ahead, we intend to continue to pay stable cash dividends, taking into account our requirements for retained earnings.



How would you like to see Seven Bank develop as a company in the years ahead?



I want Seven Bank to be a company that employees who can think flexibly develop, and I want us to continue to be close to our customers.

Seven Bank is still a young company. I want us to provide an environment that will develop the capabilities for thought among our employees. Are you familiar with the



Antoni Gaudi's Sagrada Familia cathedral in Barcelona? People living in many periods of history have been building this structure, and their work on this cathedral has given them a sense of fulfillment, while the people who go to see it are inspired. I think that companies should aim for this kind of development.

The idea of installing ATMs in convenience stores grew out of a concept that banks should be closer to their customers. We installed ATMs in places where customers are and where they go with the idea of being located in places near our customers. Our aim going forward is to develop new businesses based on our strengths, which are the dominant presence of the ATM network that Seven Bank has created and our ability to think flexibly.

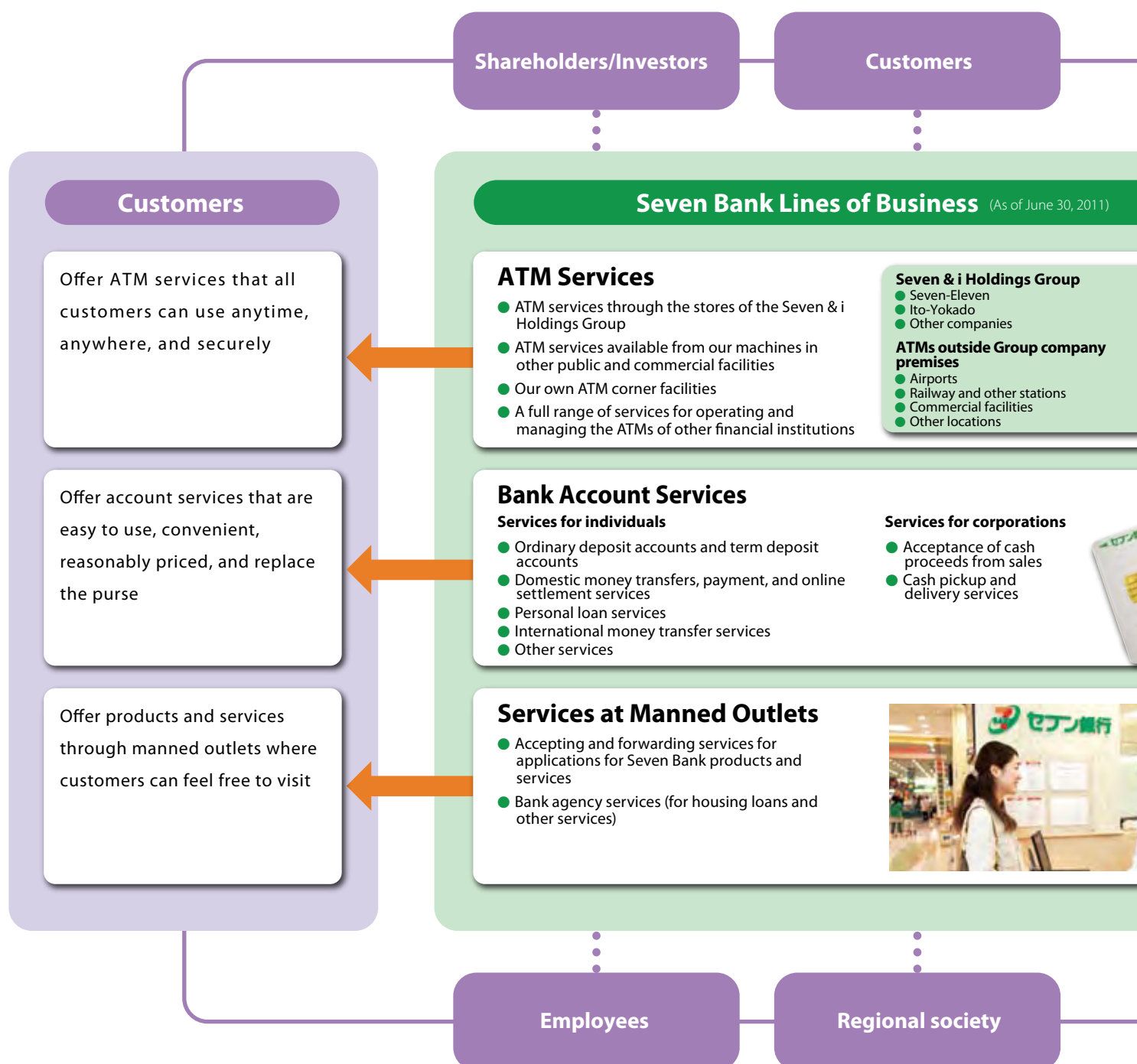
August 2011

Kensuke Futagoishi

President and Representative Director

Seven Bank's Customer-Oriented Approach

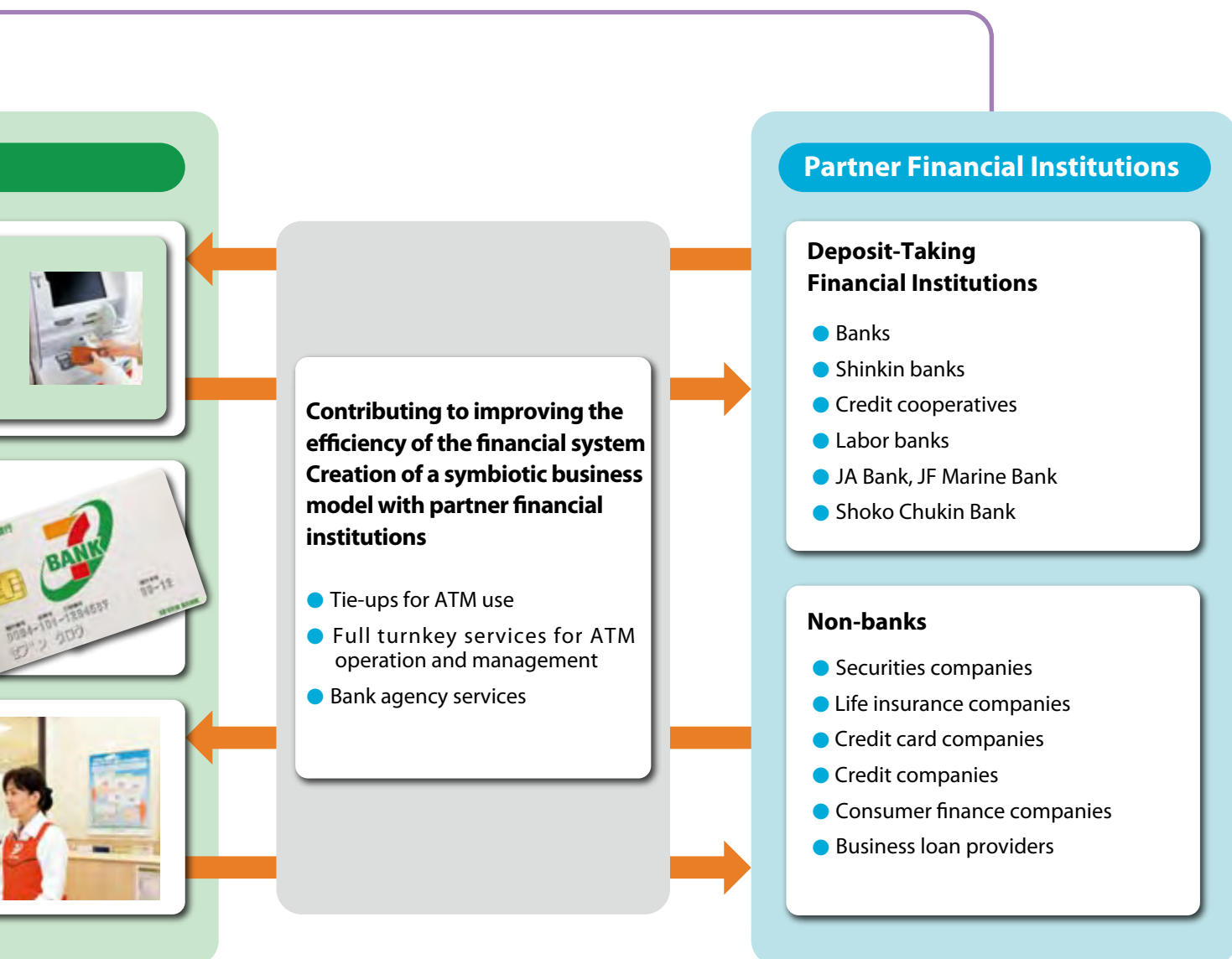
Seven Bank is aiming to be “a bank that is more convenient and easy to access.” Based on our customer-oriented perspective, we are expanding our ATM services, bank account services, and manned outlet services as a means of providing financial services that foster “new customer convenience.”



Seven Bank is different from ordinary banks. Created in response to customers who wanted to have ATMs installed in convenience stores, Seven Bank has a retail industry mind-set, and it strives to maintain a thoroughly customer-oriented approach in all of its operations. The nationwide ATM network we have built operates 24 hours a day, 365 days a year, so that

withdrawals can be made “anytime, anywhere, by anyone, and with safety and security.” This ATM network has become an important new component of society’s infrastructure.

Regarding its partner financial institutions as well, Seven Bank pursues “customer satisfaction” as it endeavors to be a business

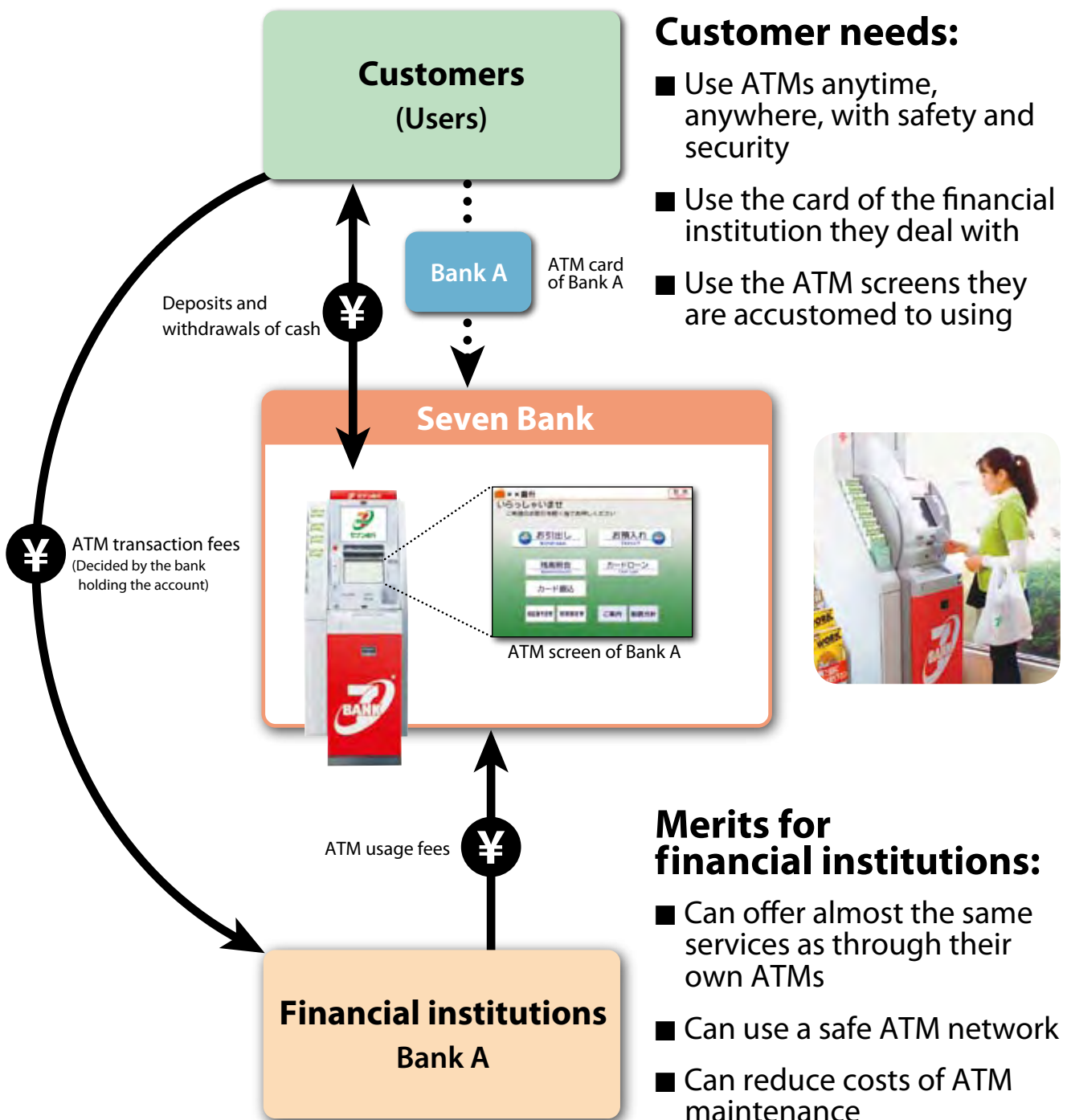


partner that builds win-win relationships and develops a business model designed to promote (mutual prosperity/constructive coexistence). Our ATM network helps the overall efficiency of the financial systems of our partner financial institutions.



By providing financial services through its ATM network, Seven Bank is building a business model that delights both customers and partner financial institutions.

ATM Service Business Model



Seven Bank has been developing a B2B2C-type of fee business operations, and over 95% of its total income stems from fees from partner financial institutions. Because ATM fee income based on ATM usage is our principal revenue source, the direct impact on our performance from economic and financial fluctuations is relatively small.



● Benefits for Partner Financial Institutions

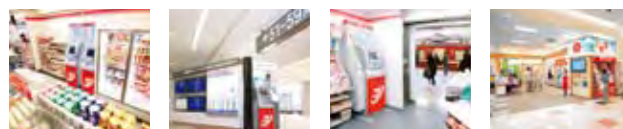
For partner financial institutions, the use of Seven Bank's nationwide ATM network makes it possible to expand their ATM services, even in geographic regions that were difficult to cover independently in the past. Besides reducing partner financial institutions' ATM-related maintenance expense and fund procurement costs, Seven Bank's network can serve as a backup for those institutions' own ATM networks. The screen that appears on a Seven Bank ATM is exactly the same as the

screen on the ATMs of alliance partners, and our partners can set their ATM transaction fees based on their own pricing strategies. Already partnering with banks as well as securities companies, credit card companies, consumer finance companies, and companies issuing international credit cards overseas, Seven Bank is in the process of expanding the scope of its business partnerships still further.

● Benefits for Customers

The distinctive aspect of Seven Bank ATMs is that they offer customers convenient choices of time and location. Because our ATMs are installed in convenience stores and other locations that are open 24 hours a day, 365 days a year, customers can enjoy a feeling of safety and security when they make withdrawals and deposits. Customers can use the same cards they normally use at the financial institutions they patronize in conveniently located Seven Bank ATMs and conduct transactions on the same screens they are accustomed to seeing on the ATMs of partner financial institutions. Seven Bank ATMs are compatible with credit cards

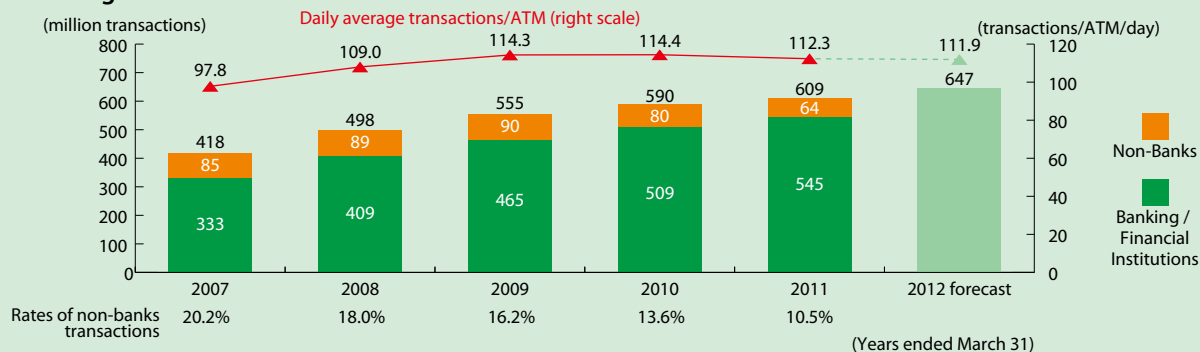
and cash cards issued overseas, so foreign visitors in Japan can easily withdraw the yen they require and can choose screens in four foreign languages.



■ Trends in Number of ATMs



■ ATM usage



Notes:

1. Total transactions for the period exclude balance inquiries, e-money charges, PIN changes, and daily withdrawal limit changes.
2. Total transactions for the period have been truncated at one million. Daily average transactions per ATM and ratio of transactions have been truncated at the first decimal place.
3. Securities companies, life insurance companies and other financial institutions are referred to as non-banks in this document

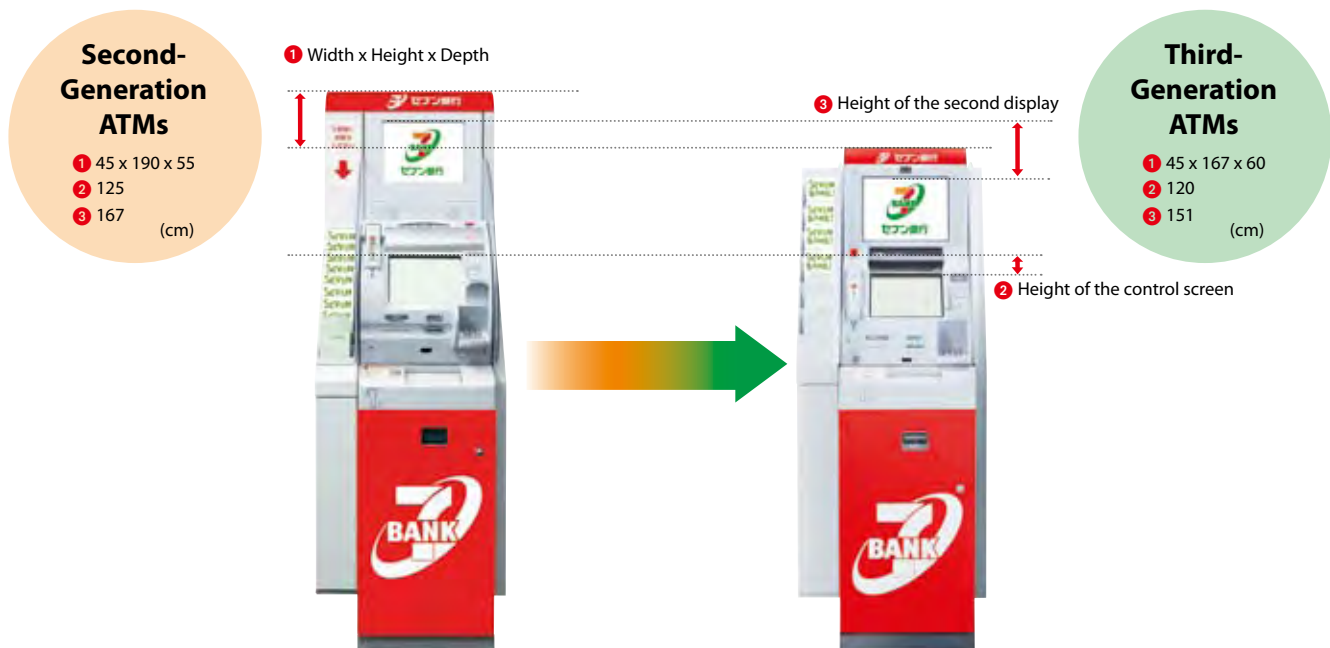
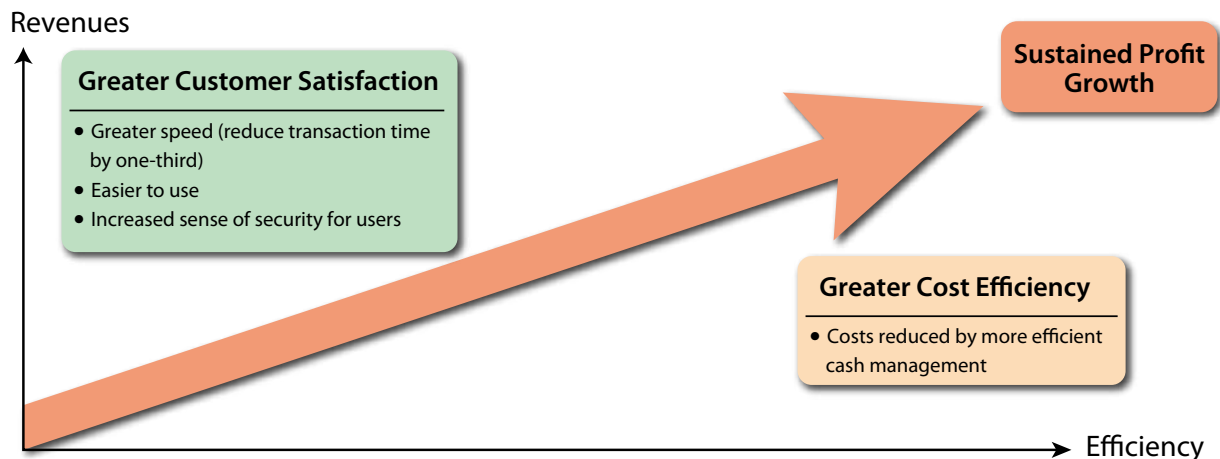
Expanding the Range of Installation Sites and the User Base

In strengthening Seven Bank's ATM business, we are making an appeal for the security, safety, and convenience of our ATM services. One of the aims of this appeal is to meet the potential needs of middle-to-older age-groups as well as housewives, and another objective is to pursue tie-ups with regional financial institutions, some of which may be located in areas where Seven-Eleven does not yet have a presence. Looking ahead, in locating its ATMs, Seven Bank will steadily increase the number of units installed on Group premises as well as strengthen the presence of its ATMs in retail shopping centers and other facilities outside the Group in large urban areas. Seven Bank's goal is to have more than 17,000 of its ATMs in operation at the end of fiscal 2012. Replacement of existing ATMs with third-generation models began in November 2010, and we are moving forward with the installation of these new units to offer enhanced convenience to our customers.

Introduction of Third-Generation ATMs

Based on consideration of its customers' perspectives, Seven Bank has manufacturers create highly competitive ATMs to its specifications. Having begun the full-scale introduction of third-generation (3G) ATMs from fiscal 2011, we are moving forward with the replacement of previously installed ATMs.

Aims of Development



3G ATMs that Effectively Control Expenses

In developing its 3G ATMs, Seven Bank analyzed the work of people performing day-to-day servicing and maintenance tasks and leveraged its experience operating second-generation (2G) ATMs to increase the new ATMs' capabilities for controlling expenses. In particular, we have increased the number of cash storage cassettes in the 3G ATMs, thereby reducing the frequency of cash replenishment and restraining agent service costs related to the management and transport of cash. Moreover, the new ATMs incorporate longer-lasting components designed to help reduce maintenance costs.

A test installation program involving 50 3G ATMs was begun in November 2010, and a full-scale ATM replacement program has been moving forward smoothly since March 2011. Plans call for completing the replacement of 2G machines during 2015, and we are currently engaged in deliberations regarding the effective use of fully depreciated 2G machines in connection with overseas business expansion programs and other future initiatives. By increasing the share of 3G machines in our network, we are seeking to realize sustained growth in profitability.



Pursuing Increased Convenience, Security, and Environment-Friendliness

The newly developed 3G ATMs are designed to enhance customer satisfaction, responding to societal demands, and augment management efficiency. We have achieved considerable functional performance improvements to meet rigorous requirements.

The 3G ATMs were awarded the Special Jury Prize at the “Green IT Awards 2010” event, which was organized by the Green IT Promotion Council to recognize outstanding products, technologies, and activities that contribute to global warming countermeasures.

■ Accelerated Transactions

The time required for a cash withdrawal transaction has been reduced by one-third. Bill processing speed has been increased from 6 per second to 12 per second. The time required to wake from energy-saving mode has been reduced to zero, so customers do not have to wait before beginning transactions. As a result, the number of transactions that can be completed on a single ATM unit in one hour has been increased from 80 to 100.

■ Environment-Friendly Design

Compared with previous models, the new ATMs consume approximately 48% less electric power. When they are not processing transactions, they are always in energy-saving mode. All screen backlighting is now performed with LEDs. Moreover, aiming to conserving resources, we have incorporated longer-lasting components and used recyclable materials in conformance with RoHS standards.

■ Expanded Features for Safety and Security

To ensure greater privacy, the position and angle of the screen have been adjusted, and the space shielded by partition panels on both sides of the ATM has been doubled. Features that prevent customers from leaving things behind have been strengthened, so that if customers begin to leave without taking their card or cash with them, a sensor will detect the situation and trigger a voice message warning. In addition, a second loudspeaker unit has been placed near the cash bin. Other measures to strengthen security include those to ensure that the camera at the top of the ATM records the situation.



Second-Generation ATMs

Third-Generation ATMs

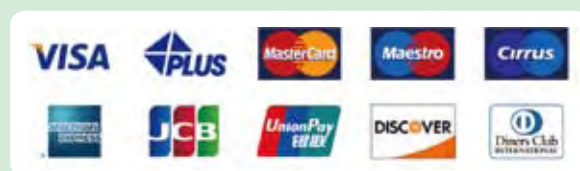
■ Increased Cash Handling Efficiency

The number of bill-storage cassettes has been increased, and the volume of bills that can be stored has been expanded. The ability to replace cassettes individually facilitates flexible ATM management processes that can be adjusted based on consideration of the location and usage situations of individual machines. Optimized ATM management prevents excessive cash depletion and minimizes service interruption periods associated with cash replenishment and collection operations.

■ Sustained Provision of Diverse Services to Meet Customer Needs*

Diverse services offered by previous ATM models to meet special needs—such as audio-guided service for visually impaired customers and capabilities for handling the cards issued overseas of customers visiting Japan—have been sustained in the new models.

*These services were also available on second-generation ATMs.



Overseas cards accepted

Aiming to ensure that its ATMs and network systems can be used with safety and confidence, Seven Bank is implementing measures to promote stable ATM operations focused on three themes.

Backup

● Prevention of System Downtime

Seven Bank has two system centers—the Tokyo/Kanagawa Center and the Osaka Center—situated in the eastern and the western regions of Japan, respectively. Redundant dual systems are naturally used for relay systems linked to partner financial institutions, and they are also employed for ATM call centers, telephone centers, and other functions. All of the systems are always in operation, and they are configured to automatically back each other up in the case of an emergency.

Security

● Thoroughgoing Security Countermeasures

The ATM network is connected directly to partner financial institutions via Seven Bank's dedicated lines. Moreover, depending on the nature of transactions, we implement thoroughgoing security countermeasures, including data encryption and devices for the automatic detection of unauthorized access events and network intrusions.

Promoting Rapid Recovery from Earthquake Impact

The Great East Japan Earthquake that occurred on March 11, 2011, caused damage to Seven Bank ATMs in regions centered on the Tohoku region. While electric power interruptions and other factors put approximately 2,100 ATMs out of service at one point, our recovery measures designed to provide stable settlement infrastructure as quickly as possible enabled us to reduce the number of ATMs out of service to approximately 400 as of March 20 and 70 as of March 31.

After the earthquake, Seven Bank's system centers quickly performed ATM status confirmation checks and moved ahead with recovery processes. In accordance with our fundamental policy of strongly emphasizing measures for ensuring sustained and stable operations, we have drafted a crisis management manual and a business continuity manual and taken various other preparatory measures, including those to regularly perform operational drills at backup centers.

To fulfill its mission of providing a safe and efficient payment infrastructure, Seven Bank will continue striving to bring out-of-service ATMs back into service as quickly as possible. In addition, aiming to respond to electric power shortages in regions centered on the greater Tokyo metropolitan area region, we have reduced the interval of ATM idle time prior to the triggering of the ATM screen energy-saving mode, reduced the standard illumination level of secondary ATM displays, and taken other initiatives designed to conserve power while sustaining round-the-clock ATM operations.

Speedy

● Rapid Response to Breakdowns and Security Incidents

Seven Bank comprehensively manages its nationwide ATM network in real time. When an ATM breakdown or malfunction occurs, a signal is automatically transmitted. In addition to being able to employ remote-control response capabilities, we work in close cooperation with security and maintenance companies as needed. When a security incident occurs, the estimated arrival time of security personnel is displayed. In these and other ways, we can control ATM screens and installation sites and ensure speedy and effective countermeasures.



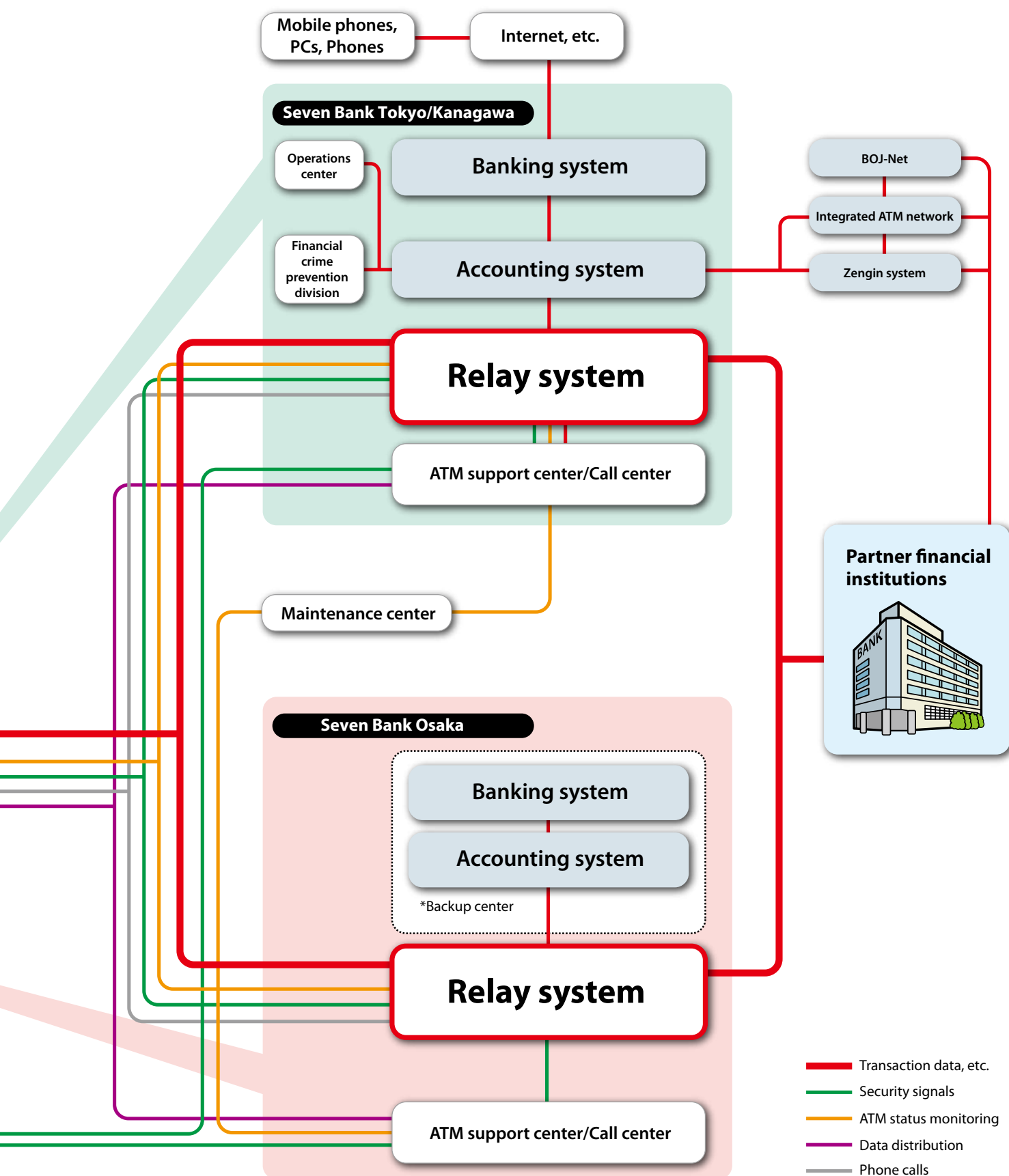
Staff dispatched to ATM locations

Security operations offices

Security operations center

Report

Police



Start of International Money Transfer Services

As a part of its strategy for increasing the diversity of its income sources, Seven Bank has begun offering international money transfer services. By leveraging our nationwide ATM infrastructure, we have been able to provide convenient services with inexpensive service fees.

● Easy and Quick Money Transfer from Seven Bank Accounts

Seven Bank is seeking to increase the diversity of its income sources by leveraging its ATM network infrastructure along with its operational and management know-how to create convenient financial services. As a part of this strategy, we have cooperated with Western Union—the world's largest international money transfer company—to begin offering international money transfer services beginning from March 2011.

Seven Bank's international money transfer services enable customers to transfer yen funds from a Seven Bank account, convert it into a currency they specify, and remit it to a previously registered individual. Transfers are made through the Western Union remittance service network, which is connected to more than 400,000 affiliated facilities in more than 200 countries and regions around the world. Recipients can obtain their remittance proceeds in cash. This service is limited to money transfers between individuals and to remittances from Japan to overseas locations.

● Securing Steady Income by Leveraging the Existing ATM Infrastructure

Demand for remittances from Japan—such as those from foreigners working in Japan for sending funds to their home countries and those from Japanese to remit funds to relatives overseas—has been expanding in recent years.

Seven Bank began to offer such remittance services from its ATMs in July 2011. This is one way for Seven Bank to leverage its existing ATM infrastructure to generate profits quickly, even when it charges relatively low fees for these services.

Seven Bank's plans call for raising the transaction volume of international money transfer services per year to one million within three to five years. Working in cooperation with communities of foreigners in Japan and with Western Union, Seven Bank is endeavoring to diversify and expand the user base for these services and expand its international money transfer services into a profitable and stable business.



How to Remit Funds

STEP 1



Open a Seven Bank account and submit an international money transfer service application

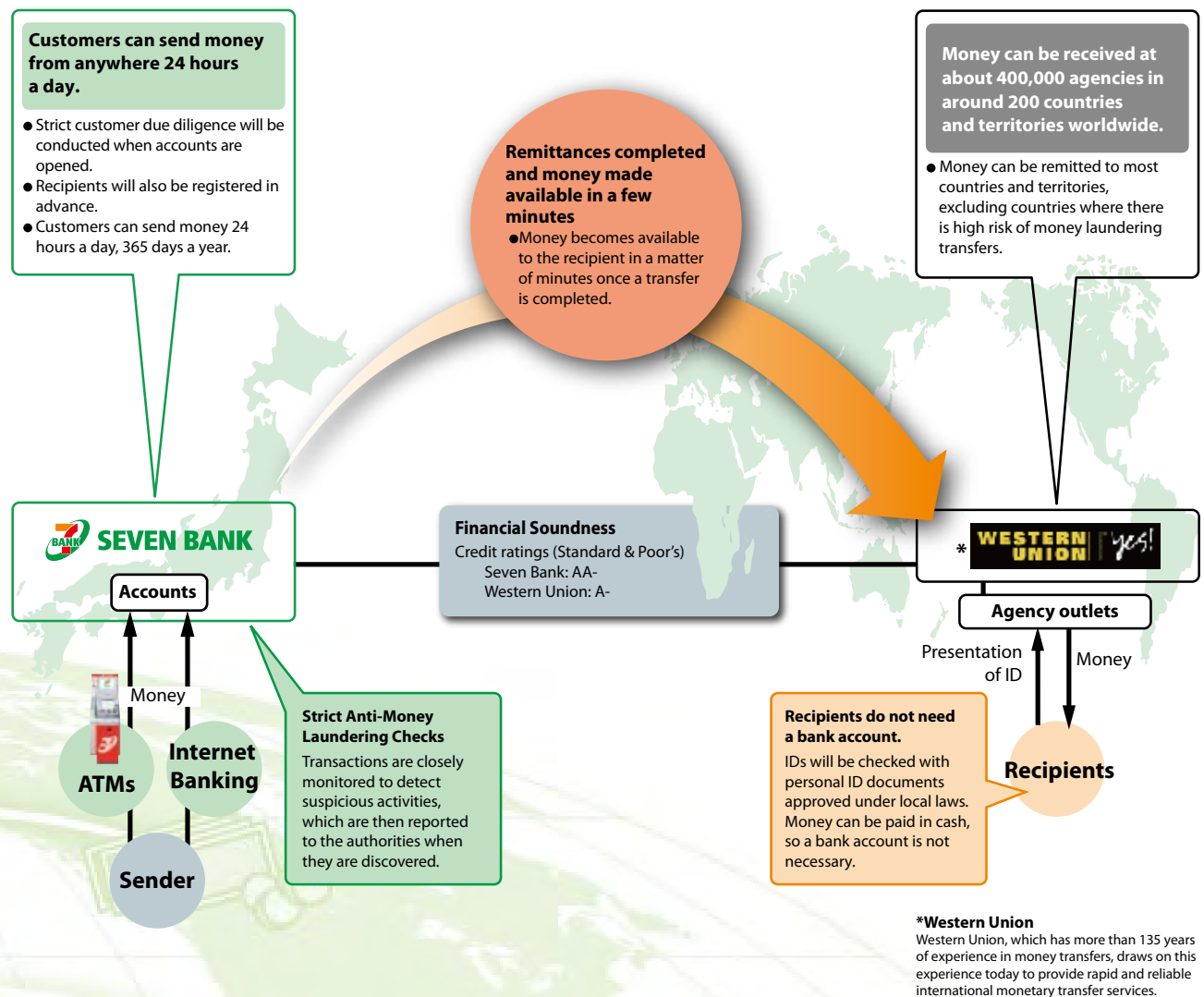
How to Receive Funds

STEP 1



You will receive information on the content of the remittance from the sender, including the MTCN.

Overview of Seven Bank's International Money Transfer Services



STEP 2



Deposit the funds necessary for the remittance in your Seven Bank account

STEP 3



Request the remittance through Seven Bank's Internet banking, mobile banking, or its ATM services

FINISH



When the request is completed, you will receive a monetary transfer control number (MTCN), and you should contact the recipient to inform him/her of the number and the content of the transaction.

STEP 2



Go to the Western Union affiliated facility in the country where the remittance is to be received (You can receive remittances without opening a bank account.)

STEP 3



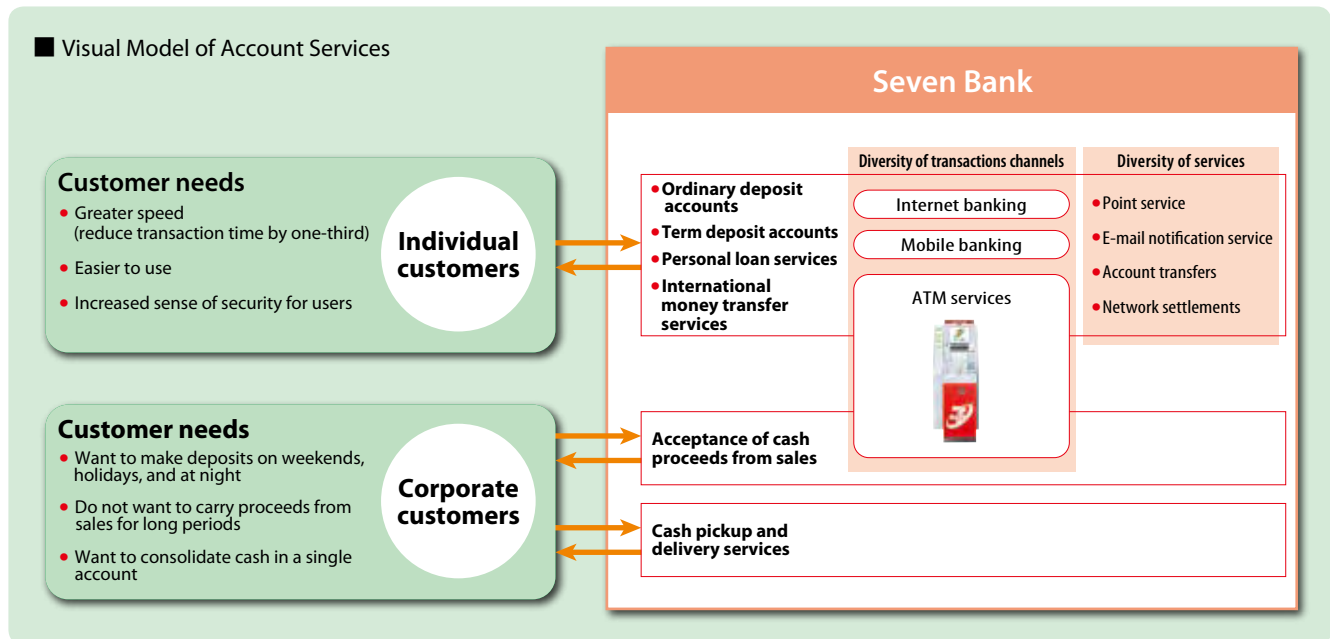
Fill in and submit the application for the receipt of the remittance, and then go through other procedures at the receiving location

FINISH



Receive your remittance in the currency specified by the sender at the time of the remittance

Seven Bank is aiming to make its account services a “replacement for the customer’s wallet or purse,” or, in other words, an integral part of customers’ daily lifestyles. We are also working to expand our lineup of convenient financial services to include personal loan services and international money transfer services to support their daily life. In addition to the acceptance of cash proceeds from sales for our corporate customers, our cash pickup and delivery service is expanding steadily. These services provide assistance to our customers in handling and managing their cash proceeds from sales at their stores and other business locations.



Improvement and Expansion of Account Services

When Seven Bank provides ordinary deposit accounts, term deposit accounts, personal loan services, and other financial services to its customers, it strives to offer convenient, secure services that are closely tailored to customer needs. In principle, Seven Bank offers its ATM, Internet banking, mobile banking, and other services 24 hours a day, 365 days a year.

The minimum time for receiving loans after making application is 30 minutes, procedures are paperless, and no fees are charged. Beginning in June 2011, we increased the upper limit on personal loan services from 100,000 yen to either 300,000 yen or 500,000 yen for customers who have had loan contracts with us for six months or more. This has made it more convenient for customers to match their borrowings with their actual financial requirements.

Also, beginning in March 2011, we launched international money transfer services, featuring the simplicity of use and convenience, for foreign nationals working in Japan and for their family members located overseas.

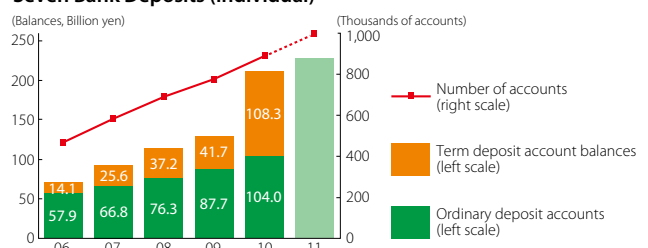


Usage of Services for Corporations Expanding

Seven Bank’s service for the acceptance of cash proceeds from sales enables corporations and other businesses to deposit their cash in Seven Bank ATMs and then have it deposited in their Seven Bank account at any time. For this service, Seven Bank issues a dedicated cash deposit card to enable customers to deposit their cash in Seven Bank ATMs, and then have these funds transferred immediately to a single account. Since sales proceeds and other cash can be deposited on a daily basis, this replenishes the cash in ATMs. As of June 30, 2011, about 100 corporate customers were making use of this service.

Seven Bank’s cash pickup and delivery service is another service for corporate customers that enables them to have security company personnel to pick up cash from their stores and then placed on deposit in their Seven Bank accounts. Usage of this service is also expanding steadily.

Seven Bank Deposits (individual)



- Offered special promotional interest rate for term deposits around winter bonus season
Incentive period: Nov. 22, 2010 – Jan. 30, 2011
Rate: 1-year deposit at 0.4% (0.2% increase)

Enhancing Services at Manned Outlets



To enable us to hear the voices of our customers directly and respond to their diverse needs, we have set up manned outlets in Ito-Yokado stores located in the Tokyo metropolitan area. These branches offer an important interface between customers and Seven Bank, which values information about the customers' points of view above all.

Guidance and Applications for Seven Bank Products and Services

- ATM services
- Seven Bank accounts
- Personal loan services
- International money transfer services



Services provided by "Everyone's Bank Teller Window"



Bank Agency Services

- Consultation on housing loans for which Seven Bank acts as intermediary for other financial institutions
- Acceptance of applications for opening regular and term deposit accounts at affiliated financial institutions

Note: Consultation at Seven Bank branches is conducted in Japanese, and the branches do not accept applications for international money transfer services.

Manned Outlets where Customers Feel Free to Stop By

Seven Bank began to install manned outlets called "Everyone's Bank Teller Window" to provide banking services in 2005. As of June 30, 2011, six of these outlets were in operation in Ito-Yokado stores located in Chiba, Saitama, and Tokyo. These manned outlets operate in the evenings and on weekends, and many customers stop by on the way home from work and after they have completed their shopping.

Seven Bank personnel stationed in these outlets offer a wide range of services, including assistance for customers using ATMs, explanations to customers who have never used an ATM, and follow-up services. These branches also accept applications

for opening Seven Bank accounts and provide personal loan services, provide guidance and applications for international money transfer services, and give advice regarding housing loans on behalf of partner financial institutions. Branch personnel also hold "Bonolon Talk Sessions" for children where they read from large-sized picture books. These manned outlets play important roles in offering a venue for face-to-face communication with customers, opportunities for listening to their ideas, and a means of disseminating information about Seven Bank to a broad range of customers.





Corporate Governance

Corporate Governance

Corporate Governance Policy

Seven Bank recognizes that good corporate governance plays a vital role in raising its corporate value. The Bank works to maintain and improve its corporate governance and compliance systems in order to ensure swift managerial decision making, clarify the roles and responsibilities of executives and employees, and maintain effective management oversight and equitable operations.

Corporate Governance Initiatives

1. Details

The Board of Directors meets on a monthly basis to decide on the Bank's basic operational policies and important operational issues, and to supervise the execution of directors' duties.

The Board of Directors has established an Executive Committee as a deliberative body concerned with operational implementation within the scope delegated by the Board of Directors. In principle, the Executive Committee meets on a weekly basis to supervise the formulation or amendment of business plans; acquisition and disposal of assets; credit provision-related issues; payment of debts and expenses; credit management issues; the establishment, change, and suspension of elements of the organization; and the formation, revision, and elimination of rules and policies in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. Since June 2006, the Bank has adopted an executive officer system, and the Executive Committee comprises executive officers and others nominated by the Board of Directors.

The Board of Auditors meets, in principle, at least once a month to deliberate and make decisions regarding important auditing-related issues reported to it. The Board of Auditors convenes with the Representative Director and the Internal Audit Division on a regular basis to exchange opinions and make requests as deemed necessary on issues the Bank is addressing, issues related to the status of improvements to the statutory auditors' auditing environment, and important auditing-related issues. Further, the Statutory Auditors' Office has been established to assist the statutory auditors and promote the smooth management of the Board of Auditors.

2. Preparation of Internal Control Systems

The Board of Directors decided on May 8, 2006 to implement system upgrades stipulated in Company Law Article 362, Paragraph 4, Item 6. Details of this decision are reviewed each fiscal year in a Progress Review, and the Board of Directors decided

to revise certain elements at a meeting held on May 15, 2009. The following is an outline of these systems.

(1) Systems to ensure that directors adhere to laws and the articles of incorporation in the execution of their duties

The Board of Directors will establish a Basic Policy on Compliance and Compliance Standards for the implementation of compliance as regards management. The directors will provide an overview of the status of compliance initiatives to the Board of Directors on a regular basis.

(2) Systems to preserve and manage information related to the execution of directors' duties

Information related to the execution of directors' duties will be preserved and managed appropriately and reliably, and such information will be disclosed promptly upon the request of directors or statutory auditors.

(3) Regulations and other systems for managing the risk of losses

The Board of Directors will establish a Basic Policy on Risk Control comprising systematic provisions to appropriately manage the risk of losses related to management and ensure sound and efficient management. The directors will report to the Board of Directors about issues related to risk control on a regular basis.

(4) Systems to ensure the efficient execution of directors' duties

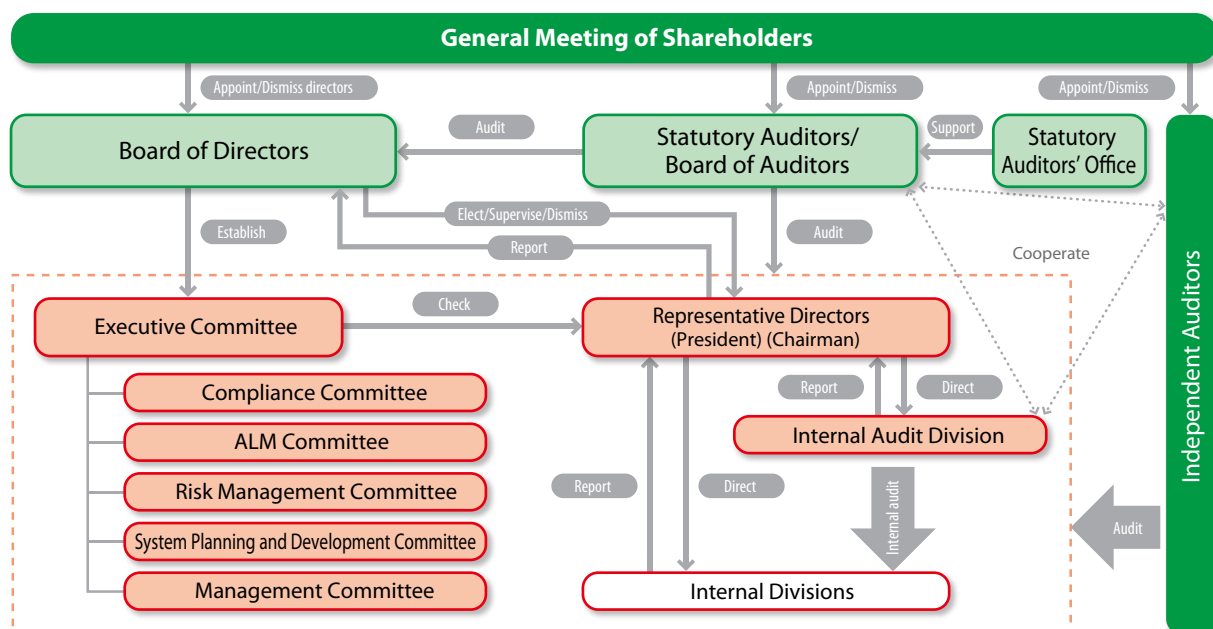
In aiming for efficient operation, the Board of Directors will establish Rules for the Board of Directors and make provisions for deliberation and reporting of important issues. The Board of Directors will establish an Executive Committee to streamline decision making in operations and introduce an executive officer system to promote the efficient execution of duties.

(5) Systems to ensure compliance with laws and the articles of incorporation in the execution of employees' duties

The directors will upgrade an appropriate compliance system based on the Basic Policy on Compliance and Compliance Standards. The directors bear ultimate responsibility to create structures, determine and implement policy, and inspect and evaluate policy implementation in order to ensure compliance in the execution of employees' duties.



■ Corporate Governance Organization



(6) Structure to ensure appropriate Group operations

Seven Bank, as a member of the Seven & i Holdings Group and sharing its management philosophy, will strive to cultivate a law-abiding attitude among directors and employees. In prioritizing sound management, the Bank will observe a strict arm's-length rule while upgrading a framework for making independent management decisions.

(7) Items concerning relevant support staff in the event that the statutory auditors request the deployment of such staff to support their duties

Bank employees shall be seconded to the Statutory Auditors' Office on its establishment. Moreover, the directors shall appoint employees to assist with the audit functions in response to requests from the statutory auditors. The statutory auditors may request assistance from the Internal Audit Division for auxiliary audit functions.

(8) Items concerning the independence from the directors of the employees appointed as support staff of the statutory auditors

The Board of Auditors, on prior receipt of reports from the directors concerning the transfers and evaluations of the assistants to the statutory auditors, may request the directors make changes to such transfers and evaluations as necessary.

(9) Systems for reports from directors and employees and other reports to the statutory auditors

Directors and employees will promptly report important legal and other matters to the statutory auditors. On receipt of an explanation of auditing policy and the current state of auditing from the Board of Auditors, the directors will cooperate with the Board of Auditors to determine the issues that should be reported to the Board of Auditors, and carry out such reports.

(10) Systems to ensure effective audits by parties other than the statutory auditors

The directors will ensure that the Internal Audit Division meets with the Board of Auditors on a regular basis to facilitate the exchange of opinions and deepen mutual understanding about important auditing issues.

Risk Management

Risk Management Initiatives

Seven Bank has designed a risk management system to promote financial soundness and operational efficiency by appropriately monitoring and managing specific types of risk faced in conducting business. The Board of Directors has established the Basic Policy on Risk Control as overall risk management policy, risk management policy regarding specific risks, and internal structures and systems to manage risk. Based on the Basic Policy on Risk Control, the Executive Committee has established detailed rules and regulations governing day-to-day risk management.

The Bank's risk management structure includes the Risk Management Division, which is responsible for supervising overall risk management activities, specific risk management divisions, and the Internal Audit Division to perform internal audits. In addition, the Risk Management Committee and the Asset-Liability Management (ALM) Committee act as advisory bodies to the Executive Committee with respect to risk management.

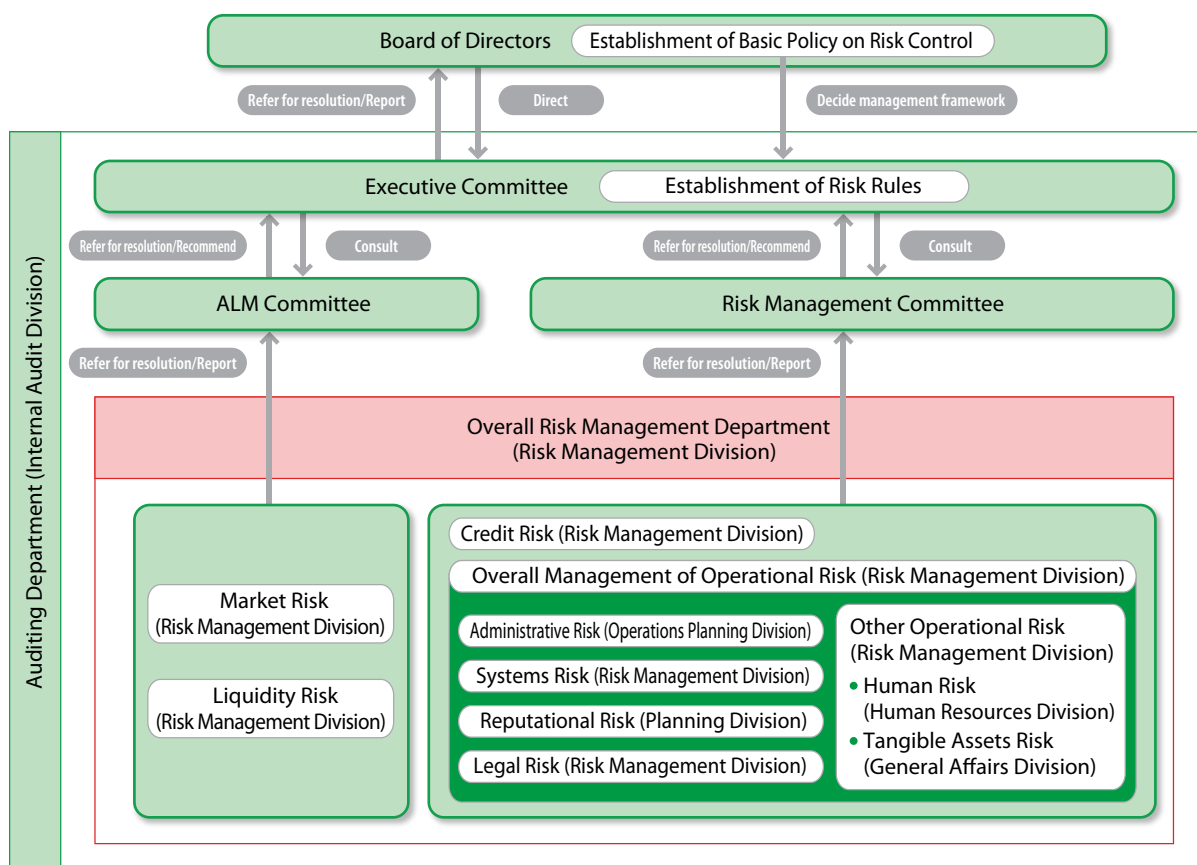
Overall Management of Risk

Basic policies relating to overall risk management are governed by the Basic Policy on Risk Control. The Bank manages risk comprehensively, evaluating risks by category and comparing them with capital.

Credit Risk

Basic policies relating to credit risk are governed by the Basic Policy on Risk Control and by the Credit Risk Rules established thereunder. Currently, risk management activities relating to credit risk are limited to the ATM settlement business, ALM of interbank deposits placed with top-rated partner financial institutions, lending of funds in the call-money market, and temporary ATM payment amounts due. In addition, the Bank performs self-assessment of asset quality as appropriate and establishes an allowance for credit losses in accordance with its self-assessment guidelines, reserve guidelines, and related internal rules and regulations.

■ Risk Management System





Market Risk

Basic policies relating to market risk are governed by the Basic Policy on Risk Control and by 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 Division measures and monitors market risk on a daily basis in light of these limits and reports the results to management, including the Executive Committee. Risk management operations are also based on the monthly reports of the ALM Committee regarding the Bank's market risk position, expected trends in interest rates, and other matters.

Liquidity Risk

Basic policies relating to liquidity risk are governed by the Basic Policy on Risk Control and by 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 available to meet current cash needs. The Risk Management Division measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to management.

Overall Management of Operational Risk

Basic policies relating to operational risk are governed by the Basic Policy on Risk Control and by the Operational Risk Rules established thereunder. The Bank recognizes administrative risk, systems risk, reputational risk, legal risk, and other operational risks as operational risks, and comprehensively manages risk from a qualitative and a quantitative standpoint.

Administrative Risk

Seven Bank's business consists primarily of the execution of transactions, mainly through its ATM network, that do not involve face-to-face interaction. The Administrative Risk Rules, which were established in accordance with the Basic Policy on Risk Control, are designed to reflect this special characteristic and ensure accuracy and fairness in administrative operations. In addition, the Bank works to prevent administrative errors and employee misconduct through self-monitoring and appropriate audits of its divisions, offices, and centers by the Internal Audit Division. The Bank has implemented a system to field customer inquiries on a year-round basis through ATM support centers and call centers, responding swiftly to complaints through cooperation with administrative and related departments, and to ensure that important issues that arise are communicated to the Executive Committee and other management as appropriate.

Systems Risk

Basic policies relating to systems risk are governed by the Basic Policy on Risk Control and by the Systems Risk Rules established thereunder. The Bank seeks to improve systems development efficiency, service quality, and systems safety. Initiatives in systems construction include one or more layers of redundancy in network and hardware equipment and a backup center designed to engage in the event of a natural disaster or systems failure. File libraries and programs are backed up as appropriate based on relative importance to operations, and such backup data is stored off-site as a precaution against unforeseeable events. In addition, the Bank takes the utmost care in information management, including using firewalls to block unauthorized systems access, monitoring access 24 hours a day, 365 days a year, encrypting all electronic transactions with customers, and employing anti-virus software.

Reputational Risk

Basic policies relating to reputational risk are governed by the Basic Policy on Risk Control and by the Reputational Risk Rules established thereunder. The Bank works to gather information concerning its reputation on a daily basis and maintains a response system, including a bank-wide communication structure and timely and appropriate disclosure for dealing with events that affect its reputation.

Legal Risk

Basic policies relating to legal risk are governed by the Basic Policy on Risk Control and by the Legal Risk Rules established thereunder. The Bank works to minimize or prevent the manifestation of legal risks, and respond accurately and efficiently to avert or minimize losses in the event that such risks materialize.

Other Operational Risk

Basic policies relating to other operational risk are governed by the Basic Policy on Risk Control. Main other operational risks recognized and managed are human risk and tangible assets risk.

Compliance

Compliance Initiatives

Seven Bank considers compliance with applicable laws and societal norms to be a fundamental prerequisite to earning the trust of society. Aware of the importance of its public mission and the significance of its societal responsibilities, the Bank has developed the following initiatives to ensure compliance, one of the most important responsibilities of management.

Compliance Systems

The Bank appoints a Compliance Officer to each of its internal divisions to implement compliance and serve as a point-person to consult on compliance-related problems and other issues. The Risk Management Division, led by the officer in charge, works as the Bank-wide compliance department to improve accountability and responsibility, self-help capabilities, and reciprocal monitoring as a means of creating an organization with an inherent self-monitoring function. The Internal Audit Division independently audits the Bank-wide compliance system. In addition, the Compliance Committee, which acts as an advisory body to the Executive Committee, reviews and evaluates all significant compliance-related issues as they arise.

Compliance Program

The Bank establishes a compliance program each fiscal year that sets out the specific compliance plan for that year. The Board of Directors reviews and evaluates the progress and the practical results of the compliance program for the relevant year and, based on such reviews and evaluations, designs and adopts the compliance program for the following fiscal year.

Compliance Manual

To enhance compliance, the Bank publishes a compliance manual that is distributed internally to all employees, while implementing compliance training sessions in order to repeatedly emphasize the importance of compliance.

Main Compliance Issues

1. Prevention of fraudulent accounts and money laundering

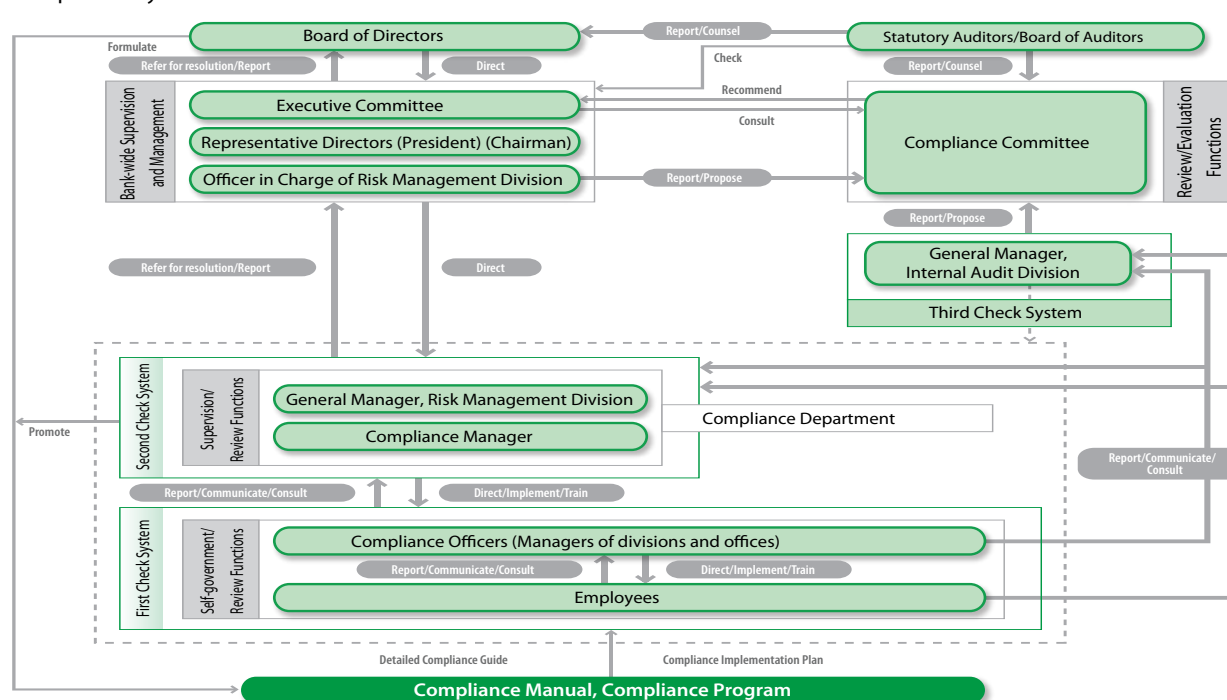
The Bank focuses on preventing the opening of fraudulent accounts by strictly enforcing customer due diligence procedures when customers apply to open new accounts.

Moreover, in November 2008, the Bank established the Financial Crime Prevention Center (currently, the Financial Crime Prevention Division), reinforcing its system to eliminate fraudulent accounts and prevent fraudulent bank transfers and other activities by monitoring accounts on a daily basis and by cooperating appropriately with the police and other governmental authorities.

2. Response to anti-social groups

The Bank concentrates on eliminating connections with anti-social groups by continuously gathering and accumulating information concerning these organizations and conducting preliminary reviews based on this information before starting new business transactions. In addition, the Bank conducts regular training for officers and employees to ensure they respond appropriately, and as an organization, to wrongful demands and other events in accordance with internal rules and regulations.

Compliance System





Management Team As of June 21, 2011

Directors



Chairman and Representative Director
Takashi Anzai



Director, Vice Chairman and Executive Officer
Masatoshi Wakasugi
(Business in Charge)
Human Resources Division



President and Representative Director
Kensuke Futagoishi
(Business in Charge)
Internal Audit Division



Director, Managing Executive Officer and
General Manager of Planning Division
Yasuaki Funatake
(Business in Charge)
Planning Division, Business Promotion Division,
Business Development Division



Director, Executive Officer
and General Manager of System Development Division
Kazuhiko Ishiguro
(Business in Charge)
System Development Division, ATM Solution Division



Outside Director
Yoji Ohashi



Outside Director
Toshikazu Tamura



Outside Director
Tadahiko Ujiie

Statutory Auditors

Statutory Auditor
Toshiaki Ikeda

Outside Statutory Auditor
Masaharu Hino

Outside Statutory Auditor
Tetsuya Katada

Outside Statutory Auditor
Naomi Ushio

Executive Officers

Managing Executive Officer and General Manager of ATM Administration Division
Tsutomu Yamazaki
(Business in Charge)
Operations Planning Division, Operations Division, ATM Administration Division

Executive Officer and General Manager of General Affairs Division
Naoki Yamazaki
(Business in Charge)
General Affairs Division

Executive Officer and General Manager of Customer Service Division
Yoshiaki Nakajima
(Business in Charge)
Customer Service Division

Executive Officer
Taku Ooizumi
(Business in Charge)
Research Division, Treasury Division, Strategic Business Development Division

Executive Officer and General Manager of Internal Audit Division
Shinichi Hayashi

Executive Officer and General Manager of ATM Solution Division
Masaaki Matsuhashi

Executive Officer and General Manager of Risk Management Division
Nobuyoshi Motegi
(Business in Charge)
Risk Management Division, Financial Crime Prevention Division

Executive Officer and General Manager of Business Promotion Division
Tomofumi Ooguchi

Notes:

1. Takashi Anzai and Kensuke Futagoishi concurrently act as executive officers.
2. Mr. Yoji Ohashi, Mr. Toshikazu Tamura, Mr. Masaharu Hino, Mr. Tetsuya Katada, and Ms. Naomi Ushio have been notified as independent executives to the Osaka Securities Exchange (JASDAQ).



Corporate Social Responsibility

CSR Management

As a bank that has the role of contributing broadly to the economy and society, Seven Bank is aware of the close relationship between its activities and the public interest as well

as the magnitude of its responsibilities. Accordingly, we strive to fulfill our responsibilities to our customers and partner financial institutions as well as all our other stakeholders.

Seven Bank's Basic CSR Policy

Seven Bank defines corporate social responsibility (CSR) as “the primary social obligation to be fulfilled to co-exist with the environment and society from which the Bank derives its customer and social support.” To continue to pursue and further develop its business operations, Seven Bank is fully aware that its CSR activities are indispensable.

In July 2007, following an examination and assessment of its CSR activities, Seven Bank issued its Basic CSR Policy.

Conducting CSR Activities from Six Standpoints

To conduct ongoing and effective CSR activities, including strengthening its capabilities for providing the stable operation of ATM services and maintaining security as well as reducing the environmental impact of its operations, Seven Bank, under its Basic CSR Policy, has identified the following six standpoints for the implementation of its CSR activities.

- 1 How do the Bank's business activities contribute to society's economic well-being?
- 2 Is the Bank sufficiently attentive to the natural environment, and does it make sufficient efforts to address environmental problems?
- 3 What responsibility does the Bank bear for its products and services toward its customers and to what extent are these responsibilities fulfilled?
- 4 Does the Bank maintain a safe and comfortable working environment and respect the human rights of its employees and the employees of its business partners?
- 5 Does the Bank work closely with society as a good corporate citizen and actively undertake activities that contribute to society?
- 6 Does the Bank maintain a policy that strongly opposes anti-social groups?

Stable Operation of ATM Services

Seven Bank is fully aware that enabling customers to use its ATM network confidently and securely is one of the most important responsibilities it must fulfill and has developed management

plans for dealing with crises and preventing fraudulent access. (Please refer to pages 16 and 17.)

Offering Reliable and Secure Services

Reliability and security are prerequisites for ATMs, which provide cash withdrawal and money transfer services. This is why Seven Bank is continually working to strengthen the security of its ATMs and prevent fraudulent transactions and other kinds of financial crimes.

Countermeasures for Preventing Financial Crimes

To prevent fraudulent transfers and other financial crimes, Seven Bank formed its Financial Crime Prevention Center in fiscal 2008. This center was reorganized in fiscal 2009 to become the Financial Crime Prevention Office, and was then upgraded to become the Financial Crime Prevention Division in June 2010. The activities

of this division, aimed at completely eliminating financial crimes, include preventing fraudulent usage through the implementation of an accounting monitoring system and a filtering system, responding appropriately to money laundering activities, reporting suspicious transactions, and cooperating appropriately with the police and other government authorities.

To prevent fraudulent use of accounts and other abuses, the Bank strictly requires the presentation of proper identification when opening customer accounts and takes many other measures to eliminate illicit usage.



Meeting the Needs of a Diversity of Customers

Seven Bank ATMs, which are installed in a wide range of locations nationwide, are used by a diverse range of customers, some with special needs. This is why Seven Bank aims to provide easy-to-use ATM services for everyone, including people of all ages and nationalities as well as persons with disabilities.

Audio-Guided ATM Service

An audio-guided service for visually impaired individuals via intercom-equipped ATMs is available to customers of over 500 financial institutions, including Seven Bank.



*Available only in Japanese

Reducing Our Impact on the Natural Environment

Seven Bank is aware of the importance of preserving the environment and is working to reduce its environmental footprint in society not only by conserving energy and resources in its business activities but also by enhancing the eco-friendliness of its ATMs. Along with its environment-related activities, Seven Bank employees participate actively in a range of environmental preservation activities.

receipt" button on the screen. In addition, transaction records are not printed on paper but stored on hard disks.

The customer can choose receiving a printed record or not.



Environmental Preservation Activities via ATM Services

To reduce the use of paper, Seven Bank ATMs offer users the option of touching either the "Need receipt" or the "Do not need

When ATMs have not been used by customers for a specified interval, the machine switches to an energy-conserving mode, which cuts power usage by a maximum of 20%.

Communicating with Society

To contribute to regional areas and society as a whole as a corporate citizen, Seven Bank co-sponsors the publication of a picture book entitled "Forest Warrior Bonolon," participates in

regional volunteer and fund-raising activities, and engages in dialog with a wide range of shareholders.

Creating a Pleasant Working Environment

Seven Bank believes that human resources, which create the service interface with customers, are its most important resource. That is why Seven Bank endeavors to create a workplace

environment where a diverse range of personnel can draw fully on their abilities and assists them with achieving a good work-life balance.

Supporting the Lives of People in Earthquake-Impacted Regions with Mobile ATM Vehicles

In regions greatly impacted by the Great East Japan Earthquake, many buildings containing ATMs suffered considerable damage and ATMs in certain areas remain out of operation. Aiming to support the lives of people in regions greatly impacted by the earthquake, Seven Bank provided an innovative mobile ATM service from May through August. Mobile ATM vehicles (a maximum of three vehicles) equipped with wireless communications technology have circulated in those regions to help meet local cash withdrawal needs. The mobile ATM vehicles are operating in tandem with mobile vending vehicles created to serve earthquake-impacted areas where the number of Seven-Eleven Japan convenience store outlets has decreased.



Management's Discussion and Analysis

Seven Bank, Ltd. For fiscal 2010, ended March 31, 2011

Analysis of Operating Results

Summary of Fiscal 2010

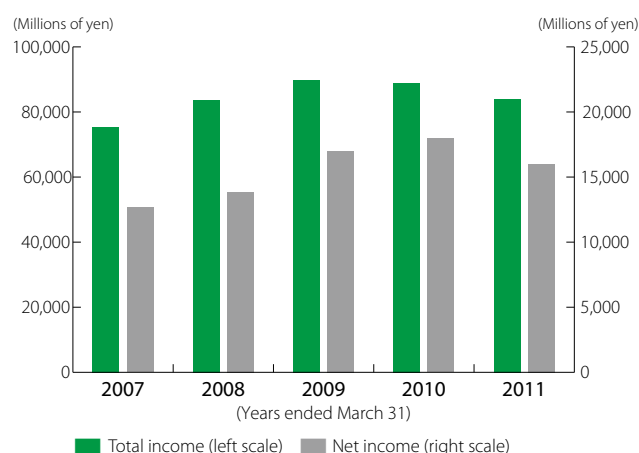
During fiscal 2010, the Japanese economy progressively emerged from a trend of slackening in the pace of improvement. Movement was seen toward the reestablishment of a fundamental trend of increases in exports and production, and there was a gradual recovery in capital investment. In addition, there was a basic trend of recovery in personal consumption. However, the impact of the Great East Japan Earthquake (the "Earthquake") which occurred on March 11, 2011, significantly changed the situation by exerting strong downward pressure on the economy centered on production-related factors. On the other hand, with respect to financial trends, financial capabilities have been maintained, including those for smooth transaction settlements.

Amid this operating environment, the Bank recorded total income of 84,022 million yen (down 5.4% year on year) and net income of 16,008 million yen (down 10.8%).

A rise in the number of ATMs installed and in transactions at deposit-taking financial institutions supported a continued steady increase in the total number of ATM transactions. However, the full enforcement of Japan's revised Money Lending Business Act from June 2010 was accompanied by a decline in ATM usage at partnering money-lending companies. This, the revision of terms of business with partnering institutions, and other factors led to a decrease in ATM related fee income, which had the effect of lowering associated revenue. Moreover, profitability declined despite efforts to control costs.

In addition, because the impact of the Earthquake, principally owing to the destruction of ATMs and other assets, an extraordinary loss of 356 million yen was recorded.

Total Income and Net Income



ATM Services

As previously, during fiscal 2010, Seven Bank maintained a trend of increase in the number of ATMs installed at Seven & i Holdings Group (the "Group") locations as well as non-Group locations. In addition, by increasing the number of its partnerships with financial institutions, we worked to enhance the convenience of customers making use of ATMs.

During fiscal 2010, we established new partnerships with the Shonai Bank (May 2010), Mitsubishi UFJ Trust and Banking (September 2010), Chikuhō Bank (December 2010), as well five shinkin banks, three credit cooperatives, one securities company, and three other financial institutions. As a result, we now partner with 100 banks, 262 shinkin banks (Note 1), 129 credit cooperatives (Note 2), 13 labor banks, the JA Bank, the JF Marine Bank, the Shoko Chukin Bank, nine securities companies, eight life insurance companies, and 43 other financial institutions (Note 3). We have a total of 567 business partners (Note 4) as of March 31, 2011.

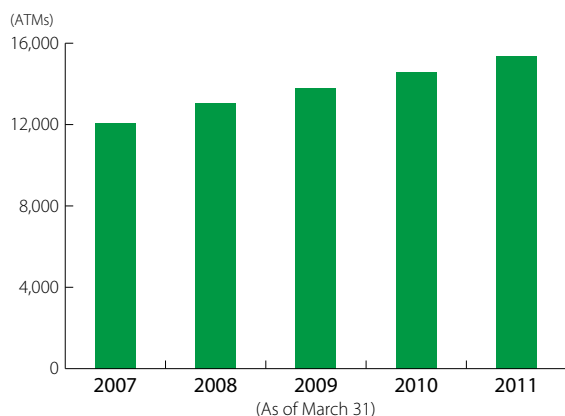
To improve customer service quality and to ensure that customers are able to use our facilities safely and securely, we have reinforced customer security by increasing the number of IC cards (smart cards) accepted by our ATMs and expanding the range of services offered, such as PIN changing services. As a result, by the end of March 2011, bank IC cards issued by 66 banks (including Seven Bank) and five financial sub-sectors were accepted by our ATMs. In January 2011, we began offering Japan's first domestic service enabling customers to use ATMs to change their IC credit card PINs.

We have installed new ATMs at Seven-Eleven and other Group stores, and we continued to add ATMs to Seven-Eleven stores with high ATM usage rates (988 stores had multiple ATMs at the end of March 2011). Outside the Group, we expanded ATM locations to new sites, including Parco department stores (July 2010), commercial facilities, and office buildings, and replaced other financial institutions' ATMs installed on corporate premises with Seven Bank ATMs for the sake of the financial institutions. In addition, we established our own ATM corner facilities (July 2010), starting with two locations in Tokyo.

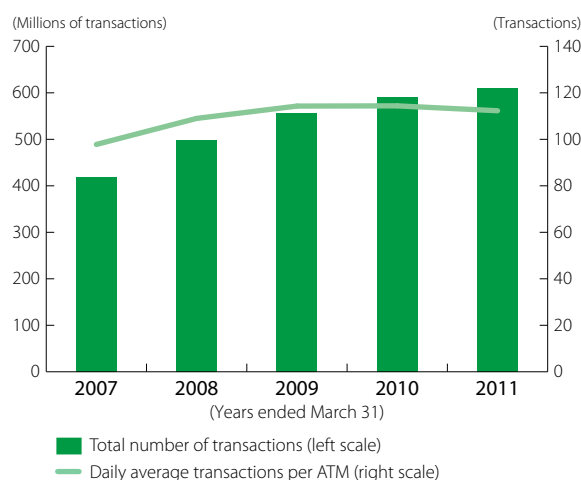
As a result of these initiatives, our base of installed ATMs reached 15,363 machines as of March 31, 2011 (up 5.2% compared with the end of March 2010). In addition, during fiscal 2010, average daily transactions per ATM were 112.3 (down 2.0 transactions year on year), and a total of 609 million transactions were recorded (up 3.3% year on year).

- Notes: 1. We had 258 partner shinkin banks at the end of March 2010. The addition of 5 new partner shinkin banks and the loss of 1 partner shinkin bank due to a merger resulted in 262 partner shinkin banks at the end of March 2011.
2. We had 127 partner credit cooperatives at the end of March 2010. The addition of 3 new partner credit cooperatives and the loss of 1 partner credit cooperative due to a merger resulted in 129 partner credit cooperatives at the end of March 2011.
3. We had 41 other financial institution partners at the end of March 2010. The addition of 3 new other financial institution partners and the loss of 1 other financial institution partner due to a merger resulted in 43 partner credit cooperatives at the end of March 2011.
4. JA Bank and JF Marine Bank are each counted as one institution.

Number of ATMs Installed



ATM Transactions



Financial Services Business

At the end of March 2011, Seven Bank had approximately 885,000 individual customer savings accounts (up 14.1% compared with the end of March 2010) and approximately 9,000 personal loan service accounts (up 238.4%). From March 2011, we began offering international money transfer services as a new account feature that can be used via the Internet and such mobile devices as mobile phones.

Outlook for Fiscal 2011

During fiscal 2011, Seven Bank will strive to achieve further increases in the number of its customers and in the number of ATMs installed. We expect to increase our ATMs-installed base to roughly 16,300 machines by the end of March 2012 (up 6.0% compared with the end of March 2011), and we are projecting that total ATM usage to increase to around 647 million transactions (up 6.2% year on year) in the fiscal year ending March 2012 on average daily transactions per ATM of around 111.9 (down 0.4 transaction year on year). Although we expect to see a continued decline in ATM usage at partnering money-lending companies, we anticipate that a steady rise in total ATM usage will support an increase in total income during fiscal 2011.

Aiming to generate additional profit, we began offering the international money transfer services introduced in March 2011 as an ATM service starting from July 2011, and, going forward, we will be striving to develop new businesses that fully utilize our existing know-how and infrastructure. In addition, we will advance steadily with the phasing in of our third-generation ATMs, which began in November 2010, and seek to increase customer convenience. Because these new service introductions and ATM upgrades will involve investment outflows and expenses incurred ahead of their expected contributions to earnings and cost-reducing effects, we expect total expenses to exceed their fiscal 2010 level.

Despite the rise in total expenses, owing to our expectations that growth in total income will exceed the rise in total expenses, we are forecasting that net income will increase year on year.

For fiscal 2011, we forecast total income of 86,800 million yen (up 3.3% year on year) and net income of 16,400 million yen (up 2.4%).

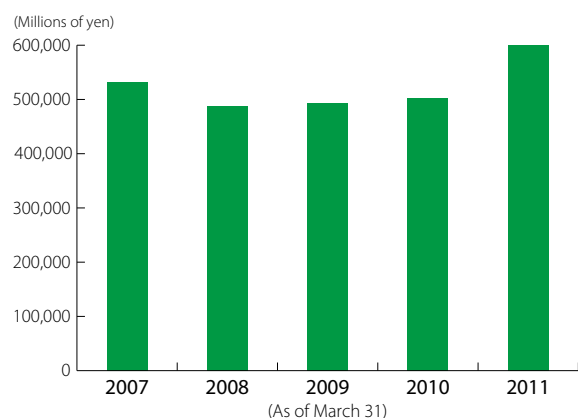
Analysis of Financial Position

Assets, Liabilities, and Net Assets

Assets

Total assets at the end of March 2011 were 600,061 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 385,013 million yen. The remainder mostly consisted of marketable securities held as collateral for domestic exchange settlements and Bank of Japan current account overdraft transactions of 99,978 million yen and ATM temporary payments made as temporary advance payments to financial institution partners of 67,465 million yen.

Total Assets



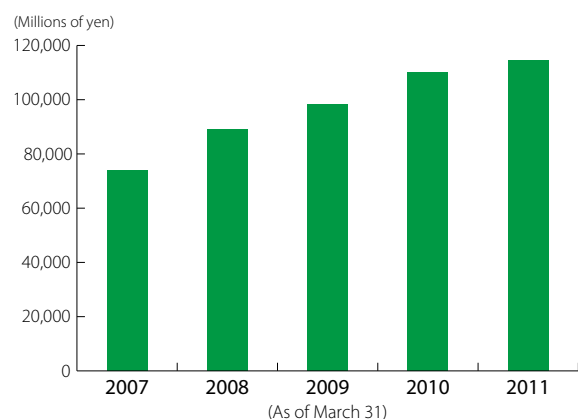
Liabilities

Liabilities were 485,522 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totaling 312,692 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 104,041 million yen and the balance of term deposits was 108,319 million yen.

Net Assets

Net assets were 114,539 million yen. Of these, retained earnings were 53,326 million yen and the non-consolidated Tier 1 capital ratio (domestic standard) was 51.19%.

Net Assets



Cash Flows

Cash and cash equivalents increased by 90,820 million yen compared to the end of March 2010, to 385,013 million yen. Cash flows in each category and the factors behind changes were as follows:

Cash flow from operating activities

Net cash provided by operating activities amounted to 125,487 million yen. This was primarily because positive factors, including income before income taxes of 26,999 million yen and an increase of deposits of 103,984 million yen, exceeded the negative factors, including the 11,000 million yen decline in borrowed money and the 10,500 million yen decline in call money, etc.

Cash flow from investing activities

Net cash used in investing activities was 23,140 million yen, as such negative factors as expenditure on the acquisition of securities of 300,976 million yen and the acquisition of other intangible assets of 8,297 million yen exceeded such positive factors as proceeds from the maturity of securities of 289,499 million yen.

Cash flow from financing activities

Net cash used in financing activities was 11,526 million yen, due to dividend payments of 6,527 million yen and acquisition of treasury stock of 4,999 million yen.

Cash Flow Highlights

	Millions of yen		
(Years ended March 31)	2011	2010	2009
Net cash provided by operating activities	125,487	30,527	32,662
Net cash used in investing activities	(23,140)	(10,518)	(11,664)
Net cash used in financing activities	(11,526)	(6,405)	(7,686)
Cash and cash equivalents at the end of the year	385,013	294,192	280,589

Basic Policy on Profit Distribution and Dividends in Fiscal 2010 and Fiscal 2011

Seven Bank regards returning profits to shareholders as an important management issue, and with the aim of providing a fair return to shareholders, our basic policy is to strive to pay a sustained and stable cash dividend while maintaining an appropriate balance between dividend payments and internally retaining a suitable level of earnings. Seven Bank targets a minimum dividend payout ratio of 35% and maintains a basic policy of paying dividends twice a year (interim and year-end dividend payments). For the fiscal year ended March 31, 2011 (fiscal 2010), we have paid an interim dividend of 2,600 yen and a year-end dividend also of 2,600 yen, resulting in an annual dividend of 5,200 yen per share. For fiscal 2011, we also intend to pay an annual dividend of 5,200 yen (comprising an interim dividend of 2,600 yen and year-end dividend of 2,600 yen).

Retained earnings will be allocated to provide working capital for ATM operations and to fund capital investment. Retained earnings will also be set aside for growth investments.

Management Policies

(1) Basic Management Policies

Management Ethos

- Seven Bank strives to be a trustworthy bank that accurately meets its customers' needs.
- Every single staff member will swiftly adopt the benefits of technological innovation and aim for self-improvement.
- Seven Bank contributes to the stability and development of Japan's financial system by offering a safe and efficient transaction settlement infrastructure.

Basic Management Policy

Seven Bank is working to offer safe, accurate, and speedy banking services deeply embedded in customers' daily lives as an "instant wallet." We aim to achieve this by creating a network of ATMs accessible 24 hours a day, 365 days a year, utilizing the 13,000-plus retail locations of Seven & i Holdings' related companies led by Seven-Eleven convenience stores.

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

Further, by proactively offering financial services sought by customers of Seven & i Holdings and its affiliates, we are working to attract a wider range of customers to more Seven & i Holdings' stores, and we will continue to pursue synergies to enhance Seven & i Holdings' profitability.

(2) Target Management Indicators

Seven Bank aims to maintain consistent, steady growth in net income in the aim of maximizing corporate value over the medium-to-long term. Other performance metrics that Seven Bank focuses on include average daily transactions per ATM, return on ATM cash (see Note below), and the overhead expense ratio.

Note: Return on ATM cash is calculated as follows: $\text{Net profit from ATM fee income (ATM-related fee income - Interest expenses - ATM placement fees - General and administrative expenses)} \div \text{Daily average balance of cash and due from banks}$

(3) Medium- to Long-Term Management Strategies

To achieve sustained growth, Seven Bank is working to expand the scope of ATM users and establish new profit sources.

In the ATM services business, we will continue striving to expand the scope of ATM users and expand the installation of ATMs going forward. With respect to expanding the scope of ATM users, we are working with our partners, etc., to promote the use of our services by customers who have not yet used our ATMs. With respect to installing a greater number of ATMs, we will continue steadily installing ATMs at Group locations while further increasing our proactive efforts to expand installations at non-Group locations. In addition, we will advance steadily with the phasing in of our third-generation ATMs, which began in November 2010, and seek to increase customer convenience.

In the financial services business, we are working to enhance the convenience of our accounts while seeking to quickly realize

the profitability of new services. Regarding the international money transfer service initiated in March 2011, we are striving to achieve stable operations and we will endeavor to create relationships with new kinds of users and expand the number of users. Regarding personal loan service, we are increasing the convenience of the service and promoting the establishment of additional personal loan service accounts.

With respect to new businesses, we intend to fully utilize our existing know-how and infrastructure to cultivate new business opportunities.

Risk Factors

1. Risks Relating to Our Business

(1) ATM business

Seven Bank substantially depends on the ATM business for its revenues. The Bank is increasing the number and density of ATMs installed, as well as enhancing security, to increase customers' convenience and sense of security. However, changes that threaten the ATM business model, such as those described below, may materially affect the Bank's results and financial position.

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

The number of ATM transactions is currently increasing. However, the increase in the use of non-cash payment methods, such as credit cards and electronic money, may reduce the number of ATM transactions.

B) Growing competition from other ATM networks

Seven Bank competes with companies installing ATMs at convenience stores outside the Seven & i Holdings Group and other locations. In addition, in the case that financial institution partners with ATM networks were to proactively expand their ATM network, there is a possibility that the scope of their competition with the Bank would expand.

Currently, the number of ATM users is continuing to increase; in the future, however, in the case that competition with those financial institution partners were to intensify and cause such challenges as a decrease in the number of users of the Bank's ATMs or a decrease in ATM related fee income, that situation may affect the Bank's results.

C) Changes in economic conditions

The level of the ATM related fee income that Seven Bank charges its partners is judged by both parties to be reasonable. However, there is no guarantee that the level will not change in the future. The level of the ATM related fee income may decline, or failure to agree on ATM related fee income levels may dissolve partnerships.

D) Difficulty in securing ATM locations

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

E) Effect of amendment of the Money Lending Business Act

The complete implementation of amendments of the Money Lending Business Act (June 2010) is placing restrictions on the total volume of lending, etc. In the case of future amendments or reinterpretations that would increase the strictness of that act, etc., and that would substantially decrease the use of Seven Bank's ATMs by the customers of money lending companies, causing a decline in ATM-related fee income and other kinds of impact, that situation may affect the Bank's results.

F) Risk of increasing the interest rate

Seven Bank procures necessary cash for its ATM business through deposits, loans, bonds, and other means. The cost of this fund procurement is influenced by market interest rate trends. Substantial interest rate fluctuations may, therefore, cause an unanticipated rise in the cost of fund procurement.

(2) Financial services business

In addition to ordinary deposits and term deposits, Seven Bank has begun offering card loans and international money transfer services for individuals. However, there is no guarantee that these services will successfully expand.

In addition, the Bank may offer new services or establish other new businesses that it is not currently handling to expand the financial services business. However, there is no guarantee that they will succeed. When expanding new businesses, the Bank may also establish new subsidiaries and form capital alliances with other corporations. With no management experience except as an individual corporation, Seven Bank could fail to successfully manage a corporate group.

2. Risk Management Systems

Through its Basic Policy on Risk Control, Seven Bank has established Bank-wide risk management policies, policies for specific risks, and a risk management organization and structure to appropriately recognize and manage all kinds of risks in its operations. In addition, for appropriate risk management, the Bank has established a Risk Management Committee as an advisory body to the Executive Committee with respect to risk; the Risk Management Division, which is responsible for supervising overall Bank-wide management activities; and risk management divisions for managing specific types of risk.

Seven Bank has thus constructed a sufficient framework for and is implementing risk management as required. However, failure to respond adequately to every risk may affect the Bank's results and financial position.

3. System Failure

Seven Bank has established "system risk management rules" to articulate its fundamental policies related to system risk management and by developing and operating its systems based on the rule 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 24x7x365 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.

4. Deterioration in Relationships with 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 may affect the Bank's results.

5. Relationship with Seven & i Holdings Group

Seven Bank recognizes the following risks associated with installing ATMs in stores of the Seven & i Holdings Group (the "Group"), the Bank's parent company, to conduct the ATM business.

(1) Changes in terms of ATM placement contracts

Seven Bank pays ATM placement fees to Group companies. There is no guarantee that such fees will remain unchanged in the future. Substantial changes in ATM placement fees may affect the Bank's results.

(2) Dependence on Seven & i Holdings Group with respect to ATM installation

At the end of March 2011, Seven Bank had installed 14,623 ATMs at Group stores (including 14,188 ATMs at Seven-Eleven stores, 294 ATMs at Ito-Yokado stores, and 141 at other Group stores). In addition, the Bank has installed 740 ATMs at locations other than Group stores.

Thus, because 95.1% of the Bank's ATMs are installed at Group stores, in the case of difficulties in keeping ATMs installed at Group stores or a marked decrease in customers at Group stores, that situation may affect the Bank's results.

(3) Independence of Seven Bank

Seven Bank has a cooperative business relationship and exchanges personnel with the Group, but the Bank independently studies and determines its own business strategies, personnel policies, capital policies, and other matters.

However, as the Bank assumes that the Group will remain one of its major shareholders, there is no guarantee that the Group will not affect the Bank's policy making.

6. Response to Financial Crime

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

7. Litigation

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

8. 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 executing its business plan under initial assumptions.

9. Regulations

Seven Bank has a license to conduct banking business under the provisions of Article 4, Item 1 of the Banking Act (Notes 1 and 2). However, the license has specific conditions attached. Therefore, future new businesses, such as lending, would require the approval of the lead regulatory authority, the Financial Services Agency.

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, the Bank may be legally required to suspend its operations or have its license revoked.

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

Notes: 1. Regarding the license to conduct banking business, the effective period and other periods are not determined by laws, regulations, etc.

2. Article 4, Item 4 of the Banking Act: 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.

10. Personal Information Leakage

Through its banking business, Seven Bank possesses a large amount of customer information, including personal information. Serious damage to customers from large-scale information leakage may result in orders or punitive measures from regulatory authorities, claims for damages, and reputational 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 AA- and a short-term issuer rating of A-1+ from Standard & Poor's Ratings Services, with negative outlooks, and a Bank Fundamental Strength Rating of B. The Bank also has an issuer rating of AA, with a stable outlook, from Rating & Investment Information, Inc.

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

12. Securing Personnel

Securing the personnel required to continuously expand as a bank centered on the ATM 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 and retain required personnel may affect the Bank's performance and future development.

13. Reputation

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

- (1) Gossip and rumors among customers, in the markets, on the Internet, in e-mail, etc. (hereafter "rumors")
- (2) Rumors caused by inaccurate or inadequate reporting by mass media
- (3) 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
- (4) Rumors related to financial institutions that are partners in the ATM business, external contractors, or other partners

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

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

Balance Sheets

Seven Bank, Ltd. As of March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Assets:		
Cash and due from banks	¥385,013	¥294,192
Call loans	10,000	20,000
Securities	99,978	89,410
Loans	536	126
Accrued income	6,391	7,106
ATM-related temporary payments	67,465	61,763
Tangible fixed assets	9,393	11,257
Intangible fixed assets	18,689	16,648
Deferred tax assets	1,111	1,211
Other assets	1,551	1,194
Allowance for credit losses	(71)	(129)
Total assets	¥600,061	¥502,782
Liabilities:		
Deposits	¥333,382	¥219,008
Call money	2,800	13,300
Borrowed money	20,000	31,000
Bonds	90,000	90,000
ATM-related temporary advances	27,557	25,775
Reserve for bonuses	325	294
Other liabilities	11,456	13,464
Total liabilities	485,522	392,843
Net assets:		
Common stock	30,503	30,503
Authorized—4,880,000 shares		
Issued—1,190,880 shares		
Capital surplus	30,503	31,742
Legal earnings reserve	0	0
Other retained earnings	53,326	47,606
Total stockholders' equity	114,333	109,851
Net unrealized gains (losses) on available-for-sale securities, net of taxes	51	(0)
Total valuation and translation adjustments	51	(0)
Subscription rights to shares	154	88
Total net assets	114,539	109,939
Total liabilities and net assets	¥600,061	¥502,782

See accompanying notes.

Statements of Income

Seven Bank, Ltd. For the years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Income:		
Interest income.....	¥ 179	¥ 394
Interest and dividends on securities.....	68	317
Other interest income	111	76
Fees and commissions income	83,644	88,350
Other income.....	197	85
Total income	84,022	88,830
Expenses:		
Interest expenses.....	2,009	2,176
Interest on deposits.....	448	500
Interest on call money.....	23	33
Interest on borrowed money.....	332	510
Interest on bonds	1,204	1,132
Fees and commissions expenses	10,011	9,691
Other operating expenses.....	12	230
General and administrative expenses	44,321	46,256
Other expenses.....	667	168
Total expenses	57,022	58,524
Income before income taxes	26,999	30,306
Income taxes		
Current.....	10,927	12,239
Deferred	63	113
Total income taxes	10,991	12,352
Net income	¥16,008	¥17,953

Amounts per share of common stock:

	Yen	
	2011	2010
Net assets	¥96,050.49	¥90,039.83
Net income.....	13,198.52	14,716.01
Diluted net income	13,191.01	14,712.13
Cash dividends applicable to the year	5,200.00	5,200.00

See accompanying notes.

Statements of Changes in Net Assets

Seven Bank, Ltd. For the years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Stockholders' equity		
Common stock		
Balance at the end of the previous fiscal year.....	¥ 30,503	¥ 30,500
Changes in items during the period		
Issuance of new shares.....	—	3
Net changes in items during the period	—	3
Balance at the end of the fiscal year	¥ 30,503	¥ 30,503
Capital surplus		
Legal capital surplus		
Balance at the end of the previous fiscal year.....	¥ 30,503	¥ 30,500
Changes in items during the period		
Issuance of new shares	—	3
Net changes in items during the period	—	3
Balance at the end of the fiscal year.....	¥ 30,503	¥ 30,503
Other capital surplus		
Balance at the end of the previous fiscal year.....	¥ 1,239	¥ 1,239
Changes in items during the period		
Disposal of treasury stock.....	(1,239)	—
Net changes in items during the period	(1,239)	—
Balance at the end of the fiscal year.....	¥ —	¥ 1,239
Total capital surplus		
Balance at the end of the previous fiscal year.....	¥ 31,742	¥ 31,739
Changes in items during the period		
Issuance of new shares	—	3
Disposal of treasury stock.....	(1,239)	—
Net changes in items during the period	(1,239)	3
Balance at the end of the fiscal year.....	¥ 30,503	¥ 31,742
Earned surplus		
Legal earnings reserve		
Balance at the end of the previous fiscal year.....	¥ 0	¥ —
Changes in items during the period		
Provision of legal earnings reserve.....	—	0
Net changes in items during the period	—	0
Balance at the end of the fiscal year.....	¥ 0	¥ 0
Other retained earnings		
Retained earnings brought forward		
Balance at the end of the previous fiscal year.....	¥ 47,606	¥ 36,057
Changes in items during the period		
Cash dividends	(6,527)	(6,405)
Provision of legal earnings reserve	—	(0)
Net income	16,008	17,953
Disposal of treasury stock.....	(3,760)	—
Net changes in items during the period.....	5,720	11,548
Balance at the end of the fiscal year.....	¥ 53,326	¥ 47,606
Total earned surplus		
Balance at the end of the previous fiscal year.....	¥ 47,606	¥ 36,057
Changes in items during the period		
Cash dividends.....	(6,527)	(6,405)
Provision of legal earnings reserve.....	—	—
Net income	16,008	17,953
Disposal of treasury stock	(3,760)	—
Net changes in items during the period	5,720	11,548
Balance at the end of the fiscal year	¥ 53,326	¥ 47,606



	Millions of yen	
	2011	2010
Treasury stock		
Balance at the end of the previous fiscal year.....	¥ —	¥ —
Changes in items during the period		
Purchase of treasury stock.....	(4,999)	—
Disposal of treasury stock.....	4,999	—
Net changes in items during the period	—	—
Balance at the end of the fiscal year	¥ —	¥ —
Total stockholders' equity		
Balance at the end of the previous fiscal year.....	¥109,851	¥ 98,296
Changes in items during the period		
Issuance of new shares.....	—	6
Cash dividends.....	(6,527)	(6,405)
Net income	16,008	17,953
Disposal of treasury stock.....	(4,999)	—
Net changes in items during the period	4,481	11,555
Balance at the end of the fiscal year	¥114,333	¥109,851
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of taxes		
Balance at the end of the previous fiscal year.....	¥ (0)	¥ 48
Changes in items during the period		
Net changes in items other than shareholders' equity.....	52	(49)
Net changes in items during the period	52	(49)
Balance at the end of the fiscal year	¥ 51	¥ (0)
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year.....	¥ (0)	¥ 48
Changes in items during the period		
Net changes in the items other than shareholders' equity.....	52	(49)
Net changes in items during the period	52	(49)
Balance at the end of the fiscal year	¥ 51	¥ (0)
Subscription rights to shares		
Balance at the end of the previous fiscal year	¥ 88	¥ 48
Changes in items during the period		
Net changes in items other than shareholders' equity.....	66	39
Net changes in items during the period	66	39
Balance at the end of the fiscal year	¥ 154	¥ 88
Total net assets		
Balance at the end of the previous fiscal year	¥109,939	¥ 98,393
Changes in items during the period		
Issuance of new shares.....	—	6
Cash dividends	(6,527)	(6,405)
Net income	16,008	17,953
Purchase of treasury stock.....	(4,999)	—
Net changes in items other than shareholders' equity.....	118	(9)
Net changes in items during the period	4,599	11,546
Balance at the end of the fiscal year	¥114,539	¥109,939

See accompanying notes.

Statements of Cash Flows

Seven Bank, Ltd. For the years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Cash flows from operating activities:		
Income before income taxes	¥ 26,999	¥ 30,306
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation of fixed assets	11,603	12,846
Net change in allowance for credit losses	(57)	63
Interest income	(179)	(394)
Interest expenses	2,009	2,176
Net losses on securities transactions	137	—
Net losses on disposal of fixed assets	19	101
Net change in loans	(409)	(126)
Net change in deposits	103,984	20,596
Net change in negotiable certificates of deposit	10,390	(30,900)
Net change in borrowed money	(11,000)	(38,000)
Net change in call loans	10,000	9,000
Net change in call money	(10,500)	13,300
Proceeds from issuance and maturity of ordinary bonds	—	30,000
Net change in ATM-related temporary accounts	(3,920)	(4,323)
Interest received	990	714
Interest paid	(1,827)	(2,066)
Other - net	(202)	31
Subtotal	138,035	43,326
Income taxes paid	(12,547)	(12,799)
Net cash provided by operating activities	125,487	30,527
Cash flows from investing activities:		
Purchases of securities	(300,976)	(229,544)
Proceeds from sales of securities	12	—
Proceeds from maturity of securities	289,499	228,640
Increase in money held in trust	(5,029)	—
Decrease in money held in trust	5,029	—
Purchases of tangible fixed assets	(3,377)	(2,846)
Purchases of intangible fixed assets	(8,297)	(6,768)
Net cash used in investing activities	(23,140)	(10,518)
Cash flows from financing activities:		
Proceeds from exercise of stock option	—	0
Dividends paid	(6,527)	(6,405)
Purchase of treasury stock	(4,999)	—
Net cash used in financing activities	(11,526)	(6,405)
Net increase in cash and cash equivalents	90,820	13,603
Cash and cash equivalents at the beginning of the year	294,192	280,589
Cash and cash equivalents at the end of the year	¥ 385,013	¥ 294,192

See accompanying notes.

Investor Information

As of March 31, 2011

Company Information

Head Office	1-6-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Established	April 10, 2001
Common Stock	30,503 million yen
Number of Employees	328
Fiscal Year-End	March 31

Contact Address	Seven Bank, Ltd. Investor Relations Tel: +81-3-3211-3041 E-mail: ir-7bk@sevenbank.co.jp URL: http://www.sevenbank.co.jp/english/ir/
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Shareholder Information

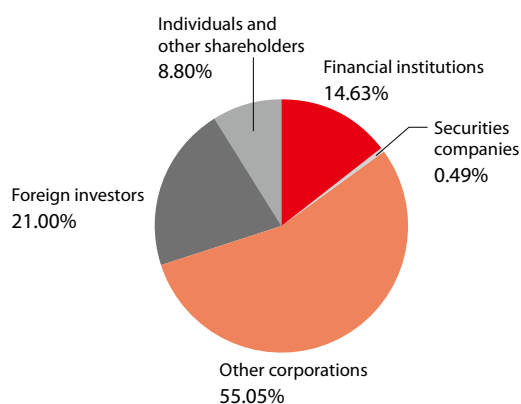
Number of Shareholders	23,397
Common Stock	
Number of Shares Authorized	4,880,000
Number of Shares Issued	1,190,880
Stock Code	8410 (JASDAQ)

Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division 7-10-11, Higashi Suna, Koto-ku, Tokyo 137-8081
Independent Auditor	KPMG AZSA & Co.

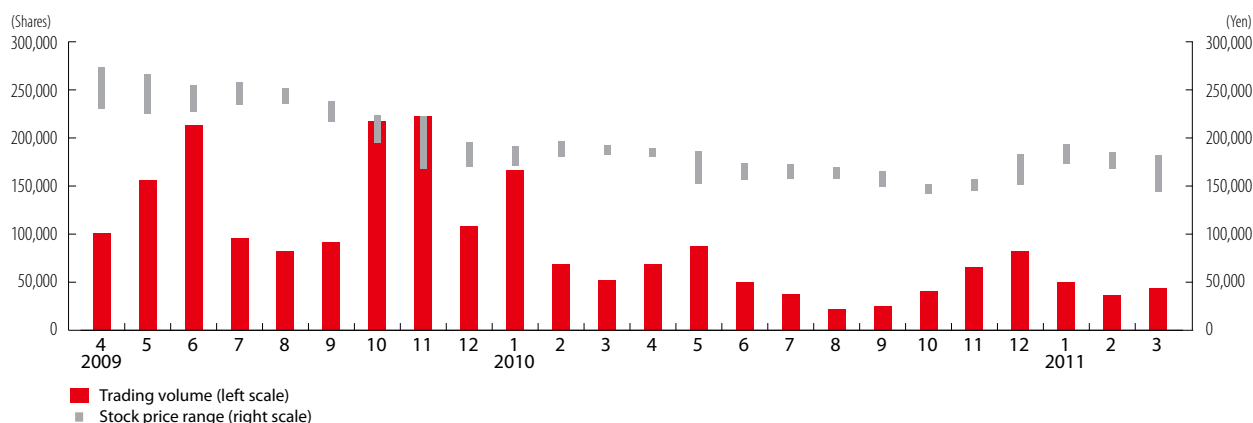
Major Shareholders

Shareholder name / title	Shareholdings in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	453,639	38.09%
York-Benimaru Co., Ltd.	52,400	4.40%
State Street Bank and Trust Company (standing proxy : The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	51,617	4.33%
Ito-Yokado Co., Ltd.	46,961	3.94%
Life Foods Co., Ltd.	30,000	2.51%
State Street Bank and Trust Company (standing proxy : Mizuho Corporate Bank, Ltd., Settlement & Sales Division)	28,883	2.42%
Japan Trustee Services Bank Ltd. (trust account)	18,498	1.55%
SAJAP (standing proxy : The Bank of Tokyo- Mitsubishi UFJ, Ltd.)	17,897	1.50%
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,695	1.40%
Sumitomo Mitsui Banking Corporation	15,000	1.25%
The Dai-ichi Mutual Life Insurance Company (standing proxy : Trust & Custody Service Bank, Ltd.)	15,000	1.25%

Composition of Shareholders



Stock Price Range and Trading Volume





<http://www.sevenbank.co.jp>

