SEVEN BANK, LTD.

Financial Statements 2011

For the year ended March 31, 2011

SEVEN BANK

Analysis of Operating Results

Summary of Fiscal 2010

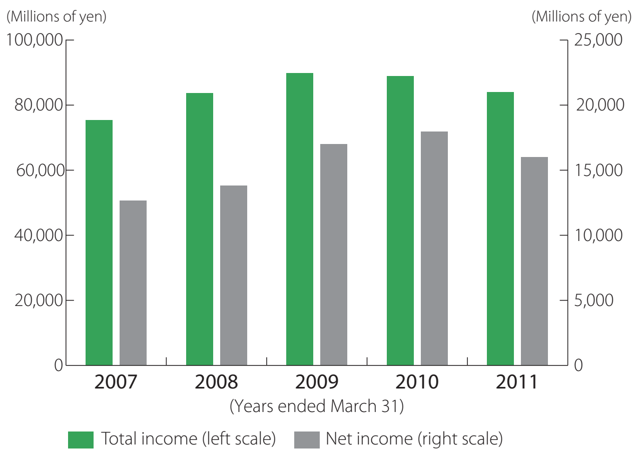
During fiscal 2010, the Japanese economy progressively emerged from a trend of slackening in the pace of improvement. Movement was seen toward the reestablishment of a fundamental trend of increase in exports and production, and there was a gradual recovery in capital investment. In addition, there was 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), Chikuho 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.

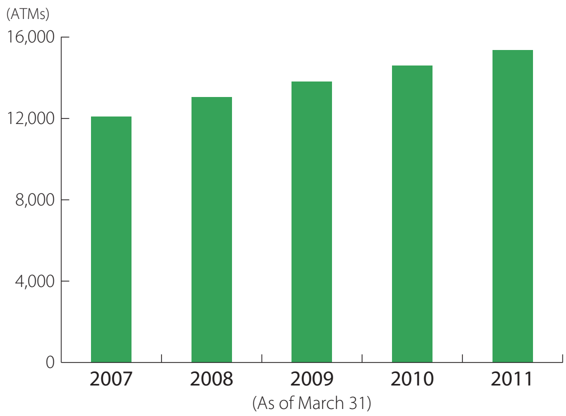
To improve customer service quality and to ensure that customers are able to use our facilities safely and securely, we have reinforced customer security by increasing the number of IC cards (smart cards) accepted by our ATMs and expanding the range of services offered, such as PIN changing services. 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.

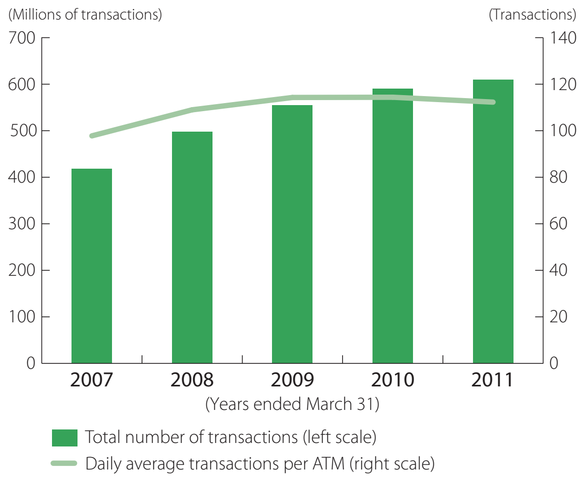
As a result of these initiatives, our base of installed ATMs reached 15,363 machines as of March 31, 2011 (up 5.2% compared with the end of March 2010). In addition, during fiscal 2010, average daily transactions per ATM were 112.3 (down 2.0 transactions year on year), and a total of 609 million transactions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

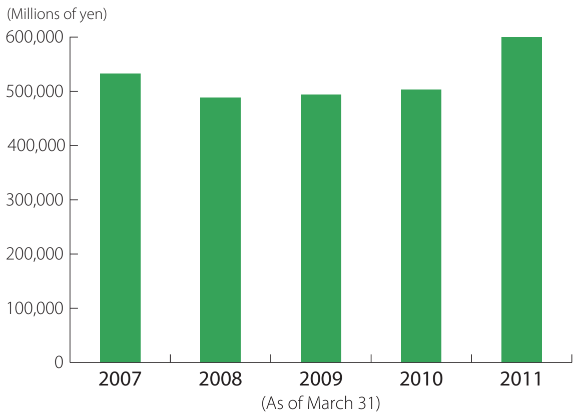
Analysis of Financial Position

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



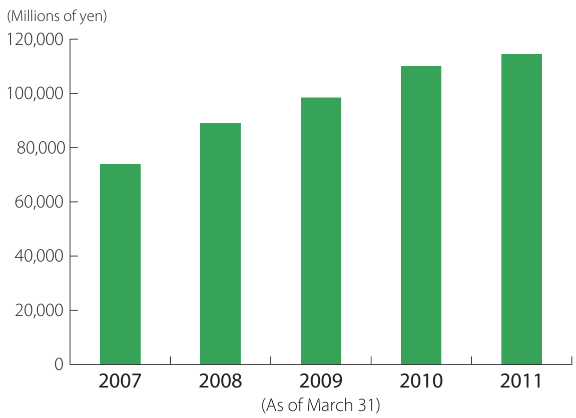
Liabilities

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 time 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

a. Seven Bank strives to be a trustworthy bank that accurately meets its customers' needs.

b. Every single staff member will swiftly adopt the benefits of technological innovation and aim for self-improvement.

c. 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: Net profit from ATM fee income (ATM-related fee income – Interest expenses – ATM placement fees – General and administrative expenses) ÷ 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 Holding 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 time 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 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 (Notes 2, 3, 4 and 5)	**¥385,013**	¥294,192
Call loans (Note 5)	**10,000**	20,000
Securities (Notes 2, 5, 6 and 7)	**99,978**	89,410
Loans (Notes 5 and 8)	**536**	126
Accrued income	**6,391**	7,106
ATM-related temporary payments (Note 5)	**67,465**	61,763
Tangible fixed assets (Notes 2, 9 and 31)	**9,393**	11,257
Intangible fixed assets (Notes 2 and 10)	**18,689**	16,648
Deferred tax assets (Notes 2 and 23)	**1,111**	1,211
Other assets (Notes 2, 7, 11 and 16)	**1,551**	1,194
Allowance for credit losses (Note 2)	**(71)**	(129)
Total assets	**¥600,061**	¥502,782
Liabilities:		
Deposits (Notes 5, 12 and 25)	**¥333,382**	¥219,008
Call money (Notes 5 and 7)	**2,800**	13,300
Borrowed money (Notes 5, 13 and 27)	**20,000**	31,000
Bonds (Notes 5 and 14)	**90,000**	90,000
ATM-related temporary advances (Note 5)	**27,557**	25,775
Reserve for bonuses (Note 2)	**325**	294
Other liabilities (Notes 2, 15 and 25)	**11,456**	13,464
Total liabilities	**485,522**	392,843
Net assets (Notes 2, 17 and 24)**:**		
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 (Notes 2 and 32)	**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 (Note 28)	**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 (Note 18)	**83,644**	88,350
Other income (Note 21)	**197**	85
Total income	**84,022**	88,830
Expenses:		
Interest expenses	**2,009**	2,176
Interest on deposits (Note 25)	**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 (Notes 19 and 25)	**10,011**	9,691
Other operating expenses (Note 20)	**12**	230
General and administrative expenses	**44,321**	46,256
Other expenses (Note 22)	**667**	168
Total expenses	**57,022**	58,524
Income before income taxes	**26,999**	30,306
Income taxes (Notes 2 and 23)		
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 (Notes 2 and 30):

	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 (Note 2)		
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 (Notes 3 and 4)	**¥ 385,013**	¥ 294,192

See accompanying notes.

1. Basis of presenting financial statements

(a) The accompanying financial statements of Seven Bank, Ltd. (the "Bank") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying financial statements have been reclassified and translated into English (with some expanded descriptions) from the financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese-language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements.

(b) The Bank maintains its accounting records in Japanese yen, the currency of the jurisdiction in which the Bank is incorporated and operates. In preparing the accompanying financial statements and notes thereto, Japanese yen figures less than one million yen have been rounded down to the nearest million yen, except for per share data, in accordance with the Financial Instruments and Exchange Law and Enforcement Ordinance concerning the Banking Law of Japan. Therefore, total or subtotal amounts shown in the accompanying financial statements and notes thereto do not necessarily equal the sums of individual amounts.

(c) The preparation of financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant accounting policies

(a) Securities

Available-for-sale securities with available fair market values are stated at their fiscal year-end fair market values. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains or losses on sales of such securities are computed using primarily the moving-average method. Available-for-sale securities whose fair value is extremely difficult to observe are stated at cost using the moving-average method.

(b) Cash and cash equivalents

For the purpose of presenting the statements of cash flows, cash and cash equivalents represent cash and due from banks.

(c) Tangible fixed assets (excluding leases)

Tangible fixed assets are generally stated at cost less accumulated depreciation. Depreciation of tangible fixed assets is mainly calculated by the declining-balance method over the estimated useful lives of the assets.

Estimated useful lives of major items as of March 31, 2011 are as follows:

Buildings:	6-18 years
ATMs:	5 years
Others:	2-20 years

(d) Intangible fixed assets (excluding leases)

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over its estimated useful life (five years).

(e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the balance sheet date.

(f) Allowance for credit losses

Allowance for credit losses is provided as detailed below in accordance with the Bank's internal standards for write-offs and provisions.

The Bank classifies its obligors into five categories for self-assessment purposes, namely, "normal obligors," "obligors requiring caution," "bankruptcy risk obligors," "substantially bankrupt obligors," and "bankrupt obligors."

For credits to those classified as normal obligors or obligors requiring caution, the allowance for credit losses is provided based on the Bank's estimated rate of credit losses.

For credits to obligors classified as bankruptcy risk obligors, the allowance for credit losses is provided for the amount deemed necessary, deducting the expected amount recoverable through the disposal of collateral or execution of guarantee.

For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for credit losses is provided for the full amounts of such credits, deducting the expected amount recoverable through the disposal of collateral or execution of guarantee.

The Bank's Risk Management Office, which is independent from the Bank's other divisions, evaluates all credits in accordance with its internal rules for self-assessment of assets, and its evaluations are audited by the Internal Audit Division, which is independent from the Bank's other divisions and the Risk Management Office. The allowance is provided based on the results of these assessments.

(g) Reserve for bonuses

The Bank records a reserve for bonuses for employees in the amount of estimated bonuses attributed to the relevant fiscal year.

(h) Employees' severance and retirement benefits

The Bank has contributory funded pension plans for its employees, under which all eligible employees are entitled to benefits based on the level of salaries at the time of retirement or termination, length of service and certain other factors.

The reserve for employees' severance and retirement benefits is provided for the payment of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related plan assets.

As the estimated amounts of the plan assets exceeded those of the actuarial retirement benefit obligation adjusted for unrecognized prior service cost and unrecognized net actuarial difference, the excess was presented as prepaid pension cost in the balance sheets.

Unrecognized prior service cost is amortized using the straight-line method over ten years within the employees' average remaining service period at incurrence. Unrecognized net actuarial difference is amortized using the straight-line method over ten years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(i) Accounting for certain lease transactions

Finance leases that do not transfer ownership to lessees and for which the lease term commenced prior to April 1, 2008 are accounted for in the same manner as operating leases.

(j) Derivative transactions and hedge accounting

The Bank uses derivative financial instruments to manage its exposure to fluctuations in interest rates. Interest rate swaps are utilized by the Bank to reduce the risk of fluctuations in interest rates. The Bank does not enter into derivatives transactions for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows. All derivative transactions are recognized as either assets or liabilities and measured at fair values, and gains or losses on derivative transactions are recognized in the statements of income.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at fair values, but the difference paid or received under these swap agreements is recognized as, and included in, interest expenses or income.

(k) Income taxes

Income taxes consist of corporation, inhabitants and enterprise taxes. The provision for income taxes is computed based on the pretax income of the Bank with certain adjustments required for tax purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

(l) Consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

(m) Amounts per share

Net assets per share is calculated by dividing net assets by the number of shares of common stock outstanding at the end of the fiscal year, excluding treasury stock.

Net income per share is calculated by dividing net income attributable to shareholders by the weighted average number of shares of common stock outstanding during the fiscal year, excluding treasury stock.

Cash dividends per share represent the actual amounts declared as applicable to the fiscal year.

(n) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when the relevant proposed appropriation of retained earnings is approved by the Board of Directors and for which notification is given at a general meeting of shareholders.

(o) Application of new accounting standards

Asset Retirement Obligations

The Bank has adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008) from the fiscal year ended March 31, 2011. Thus, ordinary profit and income before income taxes decreased by ¥22 million and ¥154 million, respectively. In addition, the amount of change in asset retirement obligations due to the adoption of this accounting standard is ¥247 million.

3. Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows for the years ended March 31, 2011 and 2010 consisted of cash and due from banks of ¥358,013 million and ¥294,192 million on the balance sheets as of March 31, 2011 and 2010, respectively.

4. Cash and due from banks

Cash and due from banks as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
March 31, 2011	**2011**	2010
Cash	**¥367,611**	¥288,965
Due from banks	**17,401**	5,227
Total	**¥385,013**	¥294,192

5. Financial instruments

1) Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Bank has its basic policy for both fund procurement and investments, which is designed to keep volatility low and risks minimized, and does not seek for profits by aggressive risk taking.

The Bank procures necessary cash for the working capital mainly for cash held in ATMs and capital expenditure for ATM and system related infrastructures. We raise our base capital taking into account the interest rate trend through deposits, long-term borrowing, and bond issuance and use the call market to raise additional capital to cover the daily fluctuation of our cash needs.

On the assets side, the Bank lends money to individuals with minimal lots. However, the main operation is in treasury and securities as a limited end user. Investments are limited to securities with high creditworthiness and liquidity, such as Japanese government bonds, deposits placed at highly rated partner financial institutions, and lending of funds in the call-money market. The Bank does not invest in high risk derivatives or other instruments.

(2) Types of and Risks Associated with Financial Instruments
Cash for the operation of ATM business accounts for most of the financial instruments the Bank holds. We provide unutilized capital to call loan lending and are subject to credit risk of the borrowers. Securities consist of Japanese government bonds, Japanese municipal bonds, and stocks, all of which are classified as being held as available-for-sale securities. These securities are subject to issuers' credit risks, interest rate risk, and market (price) risk. Loans are ones for individual customers (revolving card loans), which are subject to credit risk of the borrowers. However, the risk is limited, because guarantees are attached to the entire loan amounts.

The Bank conducts banking business and its deposits and negotiable certificates of deposit that account for most of its financial liabilities are subject to interest rate risk. It also uses the call market to raise short-term additional capital and is subject to liquidity risk when it cannot raise necessary capital when needed.

Borrowed money and bonds also entail liquidity risk when the Bank cannot make necessary payments upon the due dates under certain circumstances where the Bank cannot access to the capital market. Additionally, the borrowed money bears floating rate interest payments and is subject to interest rate risk, which, however, is hedged by the use of interest rate swaps.

(3) Risk Management Relating to Financial Instruments
(A) Credit Risk Management
Basic policies related to credit risk are governed by the Basic Policy on Risk Control and by the Credit Risk Rules established thereunder. Currently, the Bank has low credit risk exposures in the limited areas of the ATM settlement operation, ALM management related interbank deposits placed at highly rated partner financial institutions, pouring money in the call-money market, and temporary ATM payment amounts due. In addition, the Bank performs self-assessment of asset quality as appropriate and sets an allowance for credit losses in accordance with its self-assessment guidelines, reserve guidelines, and related internal rules and regulations.

Credit risks related to issuers of securities and counterparty risks of derivative transactions are managed by the Risk Management Division through periodically collecting updated credit information and fair values of the instruments.

(B) Market Risk Management
Basic policies related 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 decision at the monthly ALM Committee where the Bank's market risk position and expected trends in interest rates and other matters are reported.

Quantitative information related to market risk
Major market risk for the Bank is the interest rate risk. The Bank measures the market risk using Value at Risk (VaR) for the overall assets and liabilities of the Bank. The Bank has adopted the variance-covariance method and calculated VaR with reference to data from the past 1 year to a 99.9% confidence level assuming a 125 days holding period. As of March 31, 2011, the Bank's market risk quantity (maximum potential loss) is ¥1,746 million in the aggregate. In addition, given the characteristics of the Bank's business, in measuring the market risk, the Bank has recognized the interest period for cash assets and regarded cash assets as five-year zero-coupon bonds (average duration of about 2.5 years). The Bank regularly performs back-testing to compare the VaR calculated by its internal model against actual profit and loss. However, as VaR measures the amount of market risk under certain probabilities statically calculated based on past movement volatility, it may underestimate the probability of extreme market movements and, may in some instances, not properly capture those risks.

(C) Management of Liquidity Risk
Basic policies related 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 procured 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, including the Executive Committee. In the event of a cash shortage, according to the measures corresponding to each scenario which are designed prior to those events, Company-wide actions are taken to secure the liquidity in a fast and flexible manner. Hence, there shall be no concern on liquidity risk.

(4) Supplementary Explanation on Fair Value of Financial Instruments
The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis in the event where no market price is available. Certain assumptions are used for the calculation of such values. Accordingly, the result of such calculation may vary if different assumptions are employed.

2) Fair Value of Financial Instruments
The following table summarizes the amount stated in the balance sheets and the fair value of financial instruments as of March 31, 2011 and 2010 together with their differences. Note that the following table does not include unlisted equity securities for which fair value is extremely difficult to observe (see Note 2).

March 31, 2011	Millions of yen Carrying amount	Fair value	Difference
(1) Cash and due from banks*	**¥385,000**	**¥385,000**	**¥ —**
(2) Call loans*	**9,969**	**9,969**	**—**
(3) Securities			
Available-for-sale securities	**97,834**	**97,834**	**—**
(4) Loans	**536**		
Allowance for credit losses*	**(0)**		
	536	**536**	**—**
(5) ATM-related temporary payments*	**67,463**	**67,463**	**—**
Total assets	**¥560,803**	**¥560,803**	**¥ —**
(1) Deposits	**¥312,692**	**¥313,173**	**¥ 480**
(2) Negotiable certificates of deposit	**20,690**	**20,688**	**(1)**
(3) Call money	**2,800**	**2,800**	**—**
(4) Borrowed money	**20,000**	**20,248**	**248**
(5) Bonds	**90,000**	**91,508**	**1,508**
(6) ATM-related temporary advances	**27,557**	**27,557**	**—**
Total liabilities	**¥473,740**	**¥475,977**	**¥2,236**

March 31, 2010	Millions of yen Carrying amount	Fair value	Difference
(1) Cash and due from banks*	¥294,190	¥294,190	¥ —
(2) Call loans*	19,981	19,981	—
(3) Securities			
Available-for-sale securities	87,116	87,116	—
(4) Loans	126		
Allowance for credit losses*	(0)		
	126	126	—
(5) ATM-related temporary payments*	61,761	61,761	—
Total assets	¥463,176	¥463,176	¥ —
(1) Deposits	¥208,708	¥209,117	¥ 409
(2) Negotiable certificates of deposit	10,300	10,300	—
(3) Call money	13,300	13,300	—
(4) Borrowed money	31,000	31,520	520
(5) Bonds	90,000	91,929	1,929
(6) ATM-related temporary advances	25,775	25,775	—
Total liabilities	¥379,084	¥381,944	¥2,859

* Allowance for credit losses corresponding to loans are deducted. However, with respect to items other than loans, the amounts stated in the balance sheet are ones that allowances are deducted directly since the amounts of allowance for credit losses corresponding to these items are not material.

(Note 1) Method used for determining the fair value of financial instruments

Assets

(1) Cash and due from banks

For deposits without maturity, the carrying amount is presented as the fair value for the fair value approximates such carrying amount. There is no deposit with maturity.

(2) Call loans

The majority of transactions have short-contractual terms (less than one year). Thus, the carrying amount is presented as the fair value, for the fair value approximates such carrying amount.

(3) Securities

The fair value of bonds is determined based on the price quoted by the exchange or the financial institutions from which they are purchased.

See "6. Securities" for notes on securities by categories based on purposes of holding the securities.

(4) Loans

For loans with variable interest rates, the carrying amount is presented as the fair value, for the loans reflect market rates in a timely manner and the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. There is no loan with a fixed interest rate.

For receivables from bankrupt, substantially bankrupt, and backruptcy risk obligors, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected credit loss amount, such carrying amount is presented as the fair value.

(5) ATM-related temporary payments

The remaining terms of the payments are short-term (less than one year). Thus, the carrying amount is presented as the fair value, for the fair value approximates such carrying amount.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the balance sheets date (i.e., the carrying amount) is considered to be the fair value. Fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value discounted by expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits with maturity of less than a year, the carrying amount is presented as the fair value, for the fair value approximates such carrying amount.

(3) Call money

The majority of transactions have short contractual terms (less than one year). Thus, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(4) Borrowed money

For borrowed money with a fixed interest rate the fair value is calculated as the present value of expected future cash flows from these borrowings (for the borrowings qualifying for special hedge accounting treatment of interest rate swaps under JGAAP, expected future cash flow based on the interest rate swap rate), grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to us. For the borrowed money with maturity of less than a year, the carrying amount is presented as the fair value, for the fair value approximates such carrying amount. There is no floating rate borrowing.

(5) Bonds

The fair value of corporate bonds issued by the Bank is determined based on the market prices.

(6) ATM-related temporary advances

The remaining terms of the payments are short-term (less than one year). Thus, the carrying amount is presented as the fair value, for the fair value approximates such carrying amount.

Derivative transactions

See "27. Derivative financial instruments and hedging transactions" for notes on derivative transactions.

(Note 2) The following table summarizes financial instruments whose fair value is extremely difficult to estimate. These securities are not included in the amount presented under the line item "6. Securities" in the table summarizing fair value of financial instruments.

Category	Millions of yen **2011**	2010
Unlisted equity securities*	**¥2,144**	¥2,294
Total	**¥2,144**	¥2,294

* Unlisted equity securities do not have market prices to quote. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not included in the scope of fair value disclosure.

(Note 3) Redemption schedule of monetary claims and securities with maturities.

Millions of yen

March 31, 2011	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Due from banks*1	**¥ 17,401**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**
Call loans	**10,000**	**—**	**—**	**—**	**—**	**—**
Securities:						
Available-for-sale securities with maturity	**97,200**	**—**	**—**	**—**	**—**	**—**
Japanese government bonds	**95,000**	**—**	**—**	**—**	**—**	**—**
Bonds	**2,200**	**—**	**—**	**—**	**—**	**—**
Loans*2	**535**	**—**	**—**	**—**	**—**	**—**
ATM-related temporary payments	**67,465**	**—**	**—**	**—**	**—**	**—**
Total	**¥192,602**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**

Millions of yen

March 31, 2010	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Due from banks*1	¥ 5,227	¥—	¥—	¥—	¥—	¥—
Call loans	20,000	—	—	—	—	—
Securities:						
Available-for-sale securities with maturity	86,999	—	—	—	—	—
Japanese government bonds	77,000	—	—	—	—	—
Municipal bonds	9,999	—	—	—	—	—
Loans*2	126	—	—	—	—	—
ATM-related temporary payments	61,763	—	—	—	—	—
Total	¥174,117	¥—	¥—	¥—	¥—	¥—

Notes: *1 Due from banks with no maturities is included in the "Within one year" category.

*2 For the loans, ¥0 million of that is not expected to be collected, which are for the debtors who are bankrupt, substantially bankrupt, and bankruptcy risk obligors are excluded. In addition, loans are disclosed as "within one year."

Note 4) Repayment schedule of bonds payable, borrowed money, and other interest-bearing debt

March 31, 2011 (Millions of yen)	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Deposits*	**¥257,087**	**¥29,064**	**¥26,540**	**¥ —**	**¥—**	**¥—**
Negotiable certificates of deposit	**20,390**	**300**	**—**	**—**	**—**	**—**
Call money	**2,800**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**—**	**13,000**	**6,000**	**1,000**	**—**	**—**
Bonds	**36,000**	**34,000**	**20,000**	**—**	**—**	**—**
ATM-related temporary advances	**27,557**	**—**	**—**	**—**	**—**	**—**
Total	**¥343,834**	**¥76,364**	**¥52,540**	**¥1,000**	**¥—**	**¥—**

March 31, 2010 (Millions of yen)	Within one year	Over one year but within three years	Over three years but within five years	Over five years but within seven years	Over seven years but within ten years	Over ten years
Deposits*	¥175,468	¥15,818	¥17,422	¥ —	¥—	¥—
Negotiable certificates of deposit	10,300	—	—	—	—	—
Call money	13,300	—	—	—	—	—
Borrowed money	12,000	—	18,000	1,000	—	—
Bonds	—	46,000	44,000	—	—	—
ATM-related temporary advances	25,775	—	—	—	—	—
Total	¥236,843	¥61,818	¥79,422	¥1,000	¥—	¥—

* Demand deposits are included in the "Within one year" category.

6. Securities

(1) The following tables summarize acquisition cost, carrying amount, and fair value of securities with available fair values as of March 31, 2011 and 2010:

Available-for-sale securities:

Securities with higher balances than acquisition costs

March 31, 2011 (Millions of yen)	Acquisition cost	Carrying amount	Difference
Bonds:			
Japanese government bonds	**¥85,541**	**¥85,633**	**¥91**
Bonds	**—**	**—**	**—**
Total	**¥85,541**	**¥85,633**	**¥91**

March 31, 2010 (Millions of yen)	Acquisition cost	Carrying amount	Difference
Bonds:			
Japanese government bonds	¥26,121	¥26,124	¥3
Japanese municipal bonds	7,494	7,497	3
Total	¥33,615	¥33,622	¥6

Securities with the same or lower balances than acquisition costs

March 31, 2011 (Millions of yen)	Acquisition cost	Carrying amount	Difference
Bonds:			
Japanese government bonds	**¥ 9,998**	**¥ 9,997**	**¥ (1)**
Bonds	**2,206**	**2,203**	**(3)**
Total	**¥12,205**	**¥12,200**	**¥ (4)**
Grand total	**¥97,747**	**¥97,834**	**¥86**

March 31, 2010	Millions of yen Acquisition cost	 Carrying amount	 Difference
Bonds:			
Japanese government bonds	¥50,978	¥50,973	¥(5)
Japanese municipal bonds	2,523	2,520	(2)
Total	¥53,502	¥53,494	¥(8)
Grand total	¥87,117	¥87,116	¥(1)

March 31, 2009	Millions of yen Acquisition cost	 Book value	 Difference	 Unrealized gains	 Unrealized losses
Bonds:					
Japanese government bonds	¥86,512	¥86,593	¥81	¥81	¥0
Total	¥86,512	¥86,593	¥81	¥81	¥0

(2) Net unrealized gains (losses) on available-for-sale securities on the balance sheets are as follows:

March 31, 2010 and 2011	Millions of yen **2011**	 2010
Unrealized gains (losses):		
On available-for-sale securities	**¥86**	¥(1)
Deferred tax asset (liability)	**(35)**	0
Net unrealized gains (losses) on available-for-sale securities, net of tax	**¥51**	¥(0)

7. Assets pledged

Available-for-sale securities of ¥2,922 million and ¥1,199 million were pledged as collateral for ¥2,800 million and ¥1,100 million of call money as of March 31, 2011 and 2010, respectively.

Additionally, securities were pledged as collateral for exchange settlements and overdraft transactions with the Bank of Japan. The securities amounted to ¥94,912 million and ¥85,916 million as of March 31, 2011 and 2010, respectively.

Other assets include guarantee deposits of ¥797 million and ¥734 million as of March 31, 2011 and 2010, respectively.

8. Loans

Loans to bankrupt borrowers and delinquent loans were ¥0 million, respectively, as of March 31, 2011. There were no such loans as of March 31, 2010, respectively.

Loans to bankrupt borrowers are non-accrual loans, after write-off to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order), for which interest is not recognized as there is substantial doubt on collectability because it is past due for a considerable period. Delinquent loans are non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

There were no loans past due three months or more as of March 31, 2011 and 2010, respectively. Loans past due three months or more are loans on which the payment of principal and/or interest is past due for three months or more from the due date, and which are not included in loans to bankrupt borrowers or delinquent loans.

The renegotiated loans were ¥1 million as of March 31, 2011. There were no such loans as of March 31, 2010. Those loans are ones on which terms and conditions have been amended in favor of borrowers, in order to facilitate or assist the borrowers' restructuring by reducing the rate of interest, by providing a grace period for the payment of principal or interest or by debt forgiveness, and are not classified in any of the above categories.

The total of loans to bankrupt borrowers, delinquent loans, loans past due three months or more, and restructured loans were ¥2 million as of March 31, 2011. There were no such loans as of March 31, 2010. The amount of the note is the amount before deduction of allowance for credit losses.

Contracts of overdraft facilities are the contracts by which the Bank lends money to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused facility was ¥387 million and ¥146 million as of March 31, 2011 and 2010, respectively, and relating to these contracts, including ¥387 million and ¥146 million as of March 31, 2011 and 2010, respectively, of which have the term of contracts of less than one year.

9. Tangible fixed assets

Tangible fixed assets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Buildings	**¥ 870**	¥ 725
ATMs	**7,067**	9,183
Other	**1,456**	1,347
Total	**¥9,393**	¥11,257

10. Intangible fixed assets

Intangible fixed assets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Software	**¥17,473**	¥12,540
Software-related temporary accounts	**1,204**	4,094
Other	**11**	12
Total	**¥18,689**	¥16,648

11. Other assets

Other assets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Prepaid expenses	**¥ 441**	¥ 326
Prepaid pension cost	**36**	77
Other	**1,074**	790
Total	**¥1,551**	¥1,194

12. Deposits

Deposits as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Ordinary deposits	**¥171,873**	¥144,997
Time deposits	**140,604**	63,381
Other deposits*	**214**	329
Negotiable certificates of deposit	**20,690**	10,300
Total	**¥333,382**	¥219,008

* Other deposits are specified deposits.

13. Borrowed money

Borrowed money as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Borrowed money from banks and insurance companies	**¥20,000**	¥31,000

The weighted average interest rate applicable to the balance of total borrowed money as of March 31, 2011 and 2010 was 1.25% and 1.15%, respectively.

The repayment schedule on borrowed money as of March 31, 2011 and 2010 was as follows:

	Millions of yen	
	2011	2010
Within one year	**¥ —**	¥12,000
Over one year but within two years	**—**	—
Over two years but within three years	**13,000**	—
Over three years but within four years	**5,000**	13,000
Over four years but within five years	**1,000**	5,000
Over five years	**1,000**	1,000

14. Bonds

Bonds as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Unsecured:		
1.45% unsecured bonds due December 20, 2011	**¥36,000**	¥36,000
1.67% unsecured bonds due December 20, 2013	**24,000**	24,000
0.74% unsecured bonds due June 20, 2012	**10,000**	10,000
1.03% unsecured bonds due June 20, 2014	**20,000**	20,000
Total	**¥90,000**	¥90,000

The repayment schedule on bonds as of March 31, 2011 and 2010 was as follows:

	Millions of yen	
	2011	2010
Within one year	**¥36,000**	¥ —
Over one year but within two years	**10,000**	36,000
Over two years but within three years	**24,000**	10,000
Over three years but within four years	**20,000**	24,000
Over four years but within five years	**—**	20,000
Over five years	**—**	—

15. Other liabilities

Other liabilities as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Income taxes payable	**¥ 4,994**	¥ 6,711
Accrued expenses	**3,952**	4,218
Unearned income	**—**	8
Asset retirement obligations	**264**	—
Other	**2,246**	2,526
Total	**¥11,456**	¥13,464

16. Employees' severance and retirement benefits

The Bank has an employee pension plan which is a contributory funded defined benefit pension plan. The reserve for severance and retirement benefits as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
1. Projected benefit obligation	**¥(1,295)**	¥(1,184)
2. Fair value of plan assets	**840**	668
3. Unaccrued projected benefits obligation (1+2)	**454**	(515)
4. Unrecognized actuarial difference	**470**	568
5. Unrecognized prior service cost	**20**	25
6. Net amount recorded on the balance sheet (3+5)	**36**	77
7. Prepaid pension cost	**36**	77
8. Reserve for severance and retirement benefits (6-9)	**—**	¥ —

The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2011 and 2010 were as follows:

	Millions of yen	
	2011	2010
Service cost	**¥154**	¥143
Interest cost	**23**	19
Expected return on plan assets	**(20)**	(12)
Amortization of unrecognized prior service cost	**5**	5
Amortization of unrecognized actuarial difference	**78**	78
Other retirement cost (non-actuarial basis cost)	**0**	—
Net periodic retirement benefit costs	**¥243**	¥234

Assumptions used for the fiscal years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.5%**	3.0%
Allocation method of projected retirement benefit obligation	**Point based**	Point based
Amortization period for prior service cost	**10 years** (using the straight-line method within the employees' average remaining service period at incurrence)	10 years (using the straight-line method within the employees' average remaining service period at incurrence)
Amortization period for actuarial difference	**10 years** (using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence)	10 years (using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence)

17. Net assets

Under the Company Law of Japan (the "Company Law"), the entire amount of the issue price for shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The payment of dividends by the Bank is subject to restrictions under Article 18 of the Banking Law of Japan (the "Banking Law"). The Banking Law provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of the legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by a resolution of a shareholders' meeting or may be capitalized by a resolution of the Board of Directors. On condition that the total amount of the legal earnings reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, they are available for distributions or certain other purposes by a resolution of a shareholders' meeting.

The maximum amount that the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Company Law.

In the fiscal year ended March 31, 2010, the Bank accounted for ¥0 million in the legal earnings reserve, additionally.

In the fiscal year ended March 31, 2011, as the total amount of additional paid-in capital and the legal earnings reserve was greater than the amount of common stock, the Bank did not account for the legal earnings reserve, additionally.

18. Fees and commissions income

Fees and commissions income received for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Remittance-related fee income	**¥ 517**	¥ 499
ATM-related fee income	**80,521**	85,294
Other	**2,605**	2,557
Total	**¥83,644**	¥88,350

19. Fees and commissions expenses

Fees and commissions expenses paid for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Remittance-related fee expenses	**¥ 226**	¥ 223
ATM placement fee expenses	**9,344**	9,003
ATM-related fee expenses	**389**	444
Other	**51**	20
Total	**¥10,011**	¥9,691

20. Other operating expenses

Other operating expenses for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Losses on foreign exchange transactions	**¥12**	¥112
Amortization of bond issuing costs	**—**	118
Total	**¥12**	¥230

21. Other income

Other income for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen	
	2011	2010
Gains on money held in trust	**¥ 0**	¥—
Reversal of allowance for credit losses	**57**	—
Other	**139**	85
Total	**¥197**	¥85

22. Other expenses

Other expenses for the fiscal years ended March 31, 2011 and 2010, consisted of the following:

	Millions of yen	
	2011	2010
Losses on disposal of fixed assets	**¥ 19**	¥101
Losses on disaster*	**356**	—
Loss on sale of shares	**137**	—
Allowance for credit losses	**—**	63
Loss on adjustment for changes of accounting standard for asset retirement obligations	**131**	—
Other	**23**	3
Total	**¥667**	¥168

* Losses of assets mainly ATMs due to the Great East Japan Earthquake on March 11, 2011.

23. Income taxes

Income taxes in the statements of income consist of corporation tax, inhabitants tax and enterprise tax. The statutory tax rate was approximately 41%, and there was no significant difference between the statutory tax rate and the Bank's effective tax rate for the fiscal years ended March 31, 2011 and 2010, respectively.

Significant components of the deferred tax assets and liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen	
	2011	2010
Deferred tax assets:		
Enterprise tax	**¥ 394**	¥ 524
Depreciation	**229**	373
Accounts payable (Reserve for retirement benefits for directors and statutory auditors)	**85**	89
Reserve for bonuses	**132**	119
Losses on disaster	**116**	—
Asset retirement obligations	**107**	—
Allowance for credit losses	**28**	52
Other	**112**	83
Total deferred tax assets	**1,206**	1,243
Deferred tax liabilities:		
Adjustment for tangible fixed assets related to asset retirement obligations	**(44)**	—
Valuation difference on available-for-sale securities	**(35)**	—
Prepaid expenses	**(14)**	(31)
Total deferred tax liabilities	**(94)**	(31)
Net deferred tax assets	**¥1,111**	¥1,211

24. Changes in net assets

(1) Information on shares issued and treasury stock:

(a) Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2011 were as follows:

	Number of shares			
	March 31, 2010	Increase	Decrease	March 31, 2011
Shares issued				
Common stock *1	**1,220,027**	**—**	**29,147**	**1,190,880**
Total	**1,220,027**	**—**	**29,147**	**1,190,880**
Shares issued				
Common stock *2	**—**	**29,147**	**29,147**	**—**
Total	**—**	**29,147**	**29,147**	**—**

Notes: *1 Decrease in number of shares:
29,147 shares due to redemption of treasury stock based on resolution of Board of Directors meeting on March 4, 2011.
*2 Increase in number of shares:
29,147 shares due to purchase of treasury stock based on resolution of Board of Directors meeting on November 5, 2010.
Decrease in number of shares:
29,147 shares due to redemption of treasury stock based on resolution of Board of Directors meeting on March 4, 2011.

(b) Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2010 were as follows:

	Number of shares			
	March 31, 2009	Increase	Decrease	March 31, 2010
Shares issued*1				
Common stock*2	1,220,000	27	—	12,220,027
Total	1,220,000	27	—	12,220,027

Notes: *1 There are no shares of treasury stock.
*2 Increase in number of shares:
27 shares due to stock options exercised during the period

(2) Information on subscription rights to shares:

(a) Year ended March 31, 2011:

Details of subscription rights to shares	Type of shares	Number of shares: March 31, 2010	Increase	Decrease	March 31, 2011	Balance at March 31, 2011 (Millions of yen)
Subscription rights to shares as stock options			—			¥154
Total			—			¥154

Note: There are no treasury subscription rights to shares.

(b) Year ended March 31, 2010:

Details of subscription rights to shares	Type of shares	Number of shares: March 31, 2009	Increase	Decrease	March 31, 2010	Balance at March 31, 2010 (Millions of yen)
Subscription rights to shares as stock options			—			¥88
Total			—			¥88

Note: There are no treasury subscription rights to shares.

(3) Information on dividends:

(a) Dividends paid in the fiscal year ended March 31, 2010

(Millions of yen, except per share amount)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock*1	¥3,416	Retained earnings	¥2,800	March 31, 2009	June 2, 2009
Common stock*2	¥2,989	Retained earnings	¥2,450	September 30, 2009	December 1, 2009

Notes: *1 Date of resolution: Board of Directors meeting held on May 29, 2009
*2 Date of resolution: Board of Directors meeting held on November 6, 2009

(b) Dividends paid in the fiscal year ended March 31, 2011

(Millions of yen, except per share amount)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock*1	¥3,355	Retained earnings	¥2,750	March 31, 2010	June 1, 2010
Common stock*2	¥3,172	Retained earnings	¥2,600	September 30, 2010	December 1, 2010

Notes: *1 Date of resolution: Board of Directors meeting held on May 28, 2010
*2 Date of resolution: Board of Directors meeting held on November 5, 2010

(c) Dividends to be paid in the fiscal year ending March 31, 2012

(Millions of yen, except per share amount)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥3,096	Retained earnings	¥2,600	March 31, 2011	June 6, 2011

Note: Date of resolution: Board of Directors meeting held on May 27, 2011

25. Related party transactions

(1) Transactions with related parties

(a) Related party transactions for the fiscal year ended March 31, 2011 were as follows:

Parent company and major shareholders

Related party	Category	Amounts of the transactions: Description of the transactions	Millions of yen	Balance at end of fiscal year: Account title	Millions of yen
Seven-Eleven Japan Co., Ltd.*1	Other related companies	Payment of ATM placement fees expenses*2	¥ 8,994	Accrued expenses*4	¥ 770
		Handling of negotiable certificates of deposits*3	14,493	—	—
		Interest on negotiable certificates of deposits*2	15	—	—

Notes: *1 38.09% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2010.
*2 Conditions of transactions and method for determining conditions for transactions:
The business terms and conditions and decision-making process related to ATM placement fee expenses take into consideration Seven-Eleven Japan's overall infrastructure costs. The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
*3 The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.
*4 The accrued expenses include consumption tax.

Company that has the same parent company with the Bank and subsidiaries of the Bank's affiliated companies:

Related party	Category	Amounts of the transactions: Description of the transactions	Millions of yen	Balance at end of fiscal year: Account title	Millions of yen
Seven & i Financial Center Co., Ltd.*1	Sister companies	Handling of negotiable certificates of deposits*2	¥13,671	Negotiable certificates of deposits	¥20,000
		Interest on negotiable certificates of deposits*1	15	Accrued expenses	0

Notes: *1 Conditions of transactions and method for determining conditions for transactions:
The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
*2 The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.

(b) Related party transactions for the fiscal year ended March 31, 2010 were as follows:

Related party	Category	Amounts of the transactions: Description of the transactions	Millions of yen	Balance at end of fiscal year: Account title	Millions of yen
Seven-Eleven Japan Co., Ltd.*1	Other related companies	Payment of ATM placement fees expenses*3	¥ 8,739	Accrued expenses*5	¥ 786
		Handling of negotiable certificates of deposits*4	4,328	Negotiable certificates of deposits	10,000
		Interest on negotiable certificates of deposits*3	5	Accrued expenses	0
Ito-Yokado Co., Ltd.*2	Main shareholder	Handling of negotiable certificates of deposits*4	23,235	—	—
		Interest on negotiable certificates of deposits*3	115	—	—

Notes: *1 28.98% of the outstanding common stock of the Bank is directly owned by Seven-Eleven Japan Co., Ltd. as of March 31, 2010.
*2 12.04% of the outstanding common stock of the Bank is directly owned by Ito-Yokado Co., Ltd., as of March 31, 2010.
*3 Conditions of transactions and method for determining conditions for transactions:
The business terms and conditions and decision-making process related to ATM placement fee expenses take into consideration Seven-Eleven Japan's overall infrastructure costs. The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
*4 The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.
*5 The accrued expenses include consumption tax.

Company that has the same parent company with the Bank and subsidiaries of the Bank's affiliated companies:

Related party	Category	Amounts of the transactions: Description of the transactions	Millions of yen	Balance at end of fiscal year: Account title	Millions of yen
Seven & i Financial Center Co., Ltd.*1	Sister companies	Handling of negotiable certificates of deposits*2	¥11,115	—	¥—
		Interest on negotiable certificates of deposits*1	24	—	—

Notes: *1 Conditions of transactions and method for determining conditions for transactions:
The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
*2 The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.

(2) Notes on parent company or important related companies

(a) Parent company information

Seven & i Holdings Co., Ltd. (listed on First Section of Tokyo Stock Exchange)

(b) Summary financial information about important related companies

None

26. Lease transactions

Finance Leases:

The transactions prior to April 1, 2008 are required, by the ASBJ Statement No. 13 and the ASBJ Guidance No. 16, to be disclosed here.

A summary of assumed amounts of acquisition cost, accumulated depreciation, and net book value for finance leases without transfer of ownership as of March 31, 2011 and 2010 were as follows:

March 31, 2011	Millions of yen: Acquisition cost	Accumulated depreciation	Net carrying amount
Equipment	**¥6,645**	**¥6,630**	**¥15**
Other	**194**	**177**	**17**
Total	**¥6,840**	**¥6,807**	**¥33**

March 31, 2010	Millions of yen: Acquisition cost	Accumulated depreciation	Net carrying amount
Equipment	¥7,656	¥6,679	¥ 976
Other	502	448	54
Total	¥8,159	¥7,128	¥1,031

Future minimum lease payments excluding interest as of March 31, 2011 and 2010 were as follows:

	Millions of yen	
	2011	2010
Due within one year	**¥34**	¥1,041
Due after one year	**0**	34
Total	**¥34**	¥1,076

Total lease expenses for the fiscal years ended March 31, 2011 and 2010 were ¥1,052 million and ¥1,618 million, respectively.

Assumed depreciation expenses for the fiscal years ended March 31, 2011 and 2010 amounted to ¥997 million and ¥1,538 million, respectively. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets.

The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is computed using the effective interest method. Interest expenses for the fiscal years ended March 31, 2011 and 2010 amounted to ¥10 million and ¥41 million, respectively.

Operating Leases:

Future minimum lease payments under non-cancelable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of yen	
	2011	2010
Due within one year	**¥11**	¥ 7
Due after one year	**13**	3
Total	**¥24**	¥10

27. Derivative financial instruments and hedging transactions

Derivative transactions to which the hedge accounting method is not applied: None

Derivative transactions to which the hedge accounting method is applied:

For derivative transactions to which the hedge accounting method is applied, the following table shows contract or notional amounts, fair values, and methods of fair value calculation as of the balance sheet date for each type of hedging instrument and hedge accounting method. The contract or notional amounts, however, do not represent the magnitude of market risk associated with the derivative transactions.

Interest-related transactions:
March 31, 2011

			Millions of yen		
Hedge accounting method	Hedging instruments	Hedged items	Contract or notional amount	Over one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps Receive variable, pay fixed	Borrowed money	¥5,000	¥5,000	Note
	Total		—	—	—

Note: Derivatives accounted for by the special treatment for interest rate swaps are valued in conjunction with the hedged item, i.e., borrowed money. Hence, the fair value is included in the fair value of the borrowed money shown in the 5. Financial Instruments section.

28. Stock options

Fiscal year ended March 31, 2010

A share-based compensation expense of ¥46 million is accounted for as general and administrative expenses in the fiscal year ended March 31, 2010.

Outline of stock options and changes are as follows:

(1) Outline of stock options

	First grant-1	First grant-2
Title and number of grantees	5 directors	3 executive officers
Number of stock options (a)	184 common shares	21 common shares
Grant date	August 12, 2008	August 12, 2008
Condition for vesting	Within 10 days from the day following the day that a subscription holder loses its position as a director	Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer
Requisite service period	No provisions	No provisions
Exercise period	From August 13, 2008 to August 12, 2038	From August 13, 2008 to August 12, 2038

	First grant-1	First grant-2
Title and number of grantees	4 directors	5 executive officers
Number of stock options (a)	171 common shares	38 common shares
Grant date	August 3, 2009	August 3, 2009
Condition for vesting	Within 10 days from the day following the day that a subscription holder loses its position as a director	Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer
Requisite service period	No provisions	No provisions
Exercise period	From August 4, 2009 to August 3, 2039	From August 4, 2009 to August 3, 2039

(a) Number of shares means total shares to be issued upon exercise of subscription rights to shares.

(2) Scale and changes in stock options

The following describes scale and changes in stock options that existed during the fiscal year ended March 31, 2010.

The number of stock options is converted into the number of shares.

Fiscal year ended March 31, 2010:

Number of stock options

	First grant-1	First grant-2
Before vested		
As of March 31, 2009	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding	—	—
After vested		
As of March 31, 2009	184	21
Vested	—	—
Exercised	27	—
Forfeited	—	—
Outstanding	157	21

	Second grant-1	Second grant-2
Before vested		
As of March 31, 2009	—	—
Granted	171	38
Forfeited	—	—
Vested	171	38
Outstanding	—	—
After vested		
As of March 31, 2009	—	—
Vested	171	38
Exercised	—	—
Forfeited	—	—
Outstanding	171	38

Price information	First grant-1	First grant-2
Exercise price	¥1 per share	¥1 per share
Average stock price at exercise	¥251,300 per subscription to share	—
Fair value at the grant date (a)	—	¥236,480 per subscription to share

Price information	Second grant-1	Second grant-2
Exercise price	¥1 per share	¥1 per share
Average stock price at exercise	—	—
Fair value at the grant date (a)	¥221,862 per subscription to share	¥221,862 per subscription to share

(a) The number of shares to be issued upon exercise of one subscription right to shares shall be 1 common share.

(3) Valuation method for estimating per share fair value of stock options

The valuation technique used for valuating fair value of First grant-1 of subscription rights to shares and Second grant-2 of subscription rights to shares during the fiscal year ended March 31, 2010 were as follows:

Valuation method used: Black-Scholes option-pricing model

Principal parameters and estimation method	Second grant-1	Second grant-2
Expected volatility of the underlying stock (a)	34.55%	34.55%
Remaining expected life of the option (b)	5 years	5 years
Expected dividends on the stock (c)	¥4,900 per share	¥4,900 per share
Risk-free interest rate during the expected option term (d)	0.745%	0.745%

(a) Although shares have been listed on the Jasdaq Securities Exchange since February 29, 2008, there is not enough share price data to make a reasonable estimation of expected volatility of the share price. Therefore, the expected volatility was calculated based upon share price data of similar companies during the five years from July 25, 2004 to August 3, 2009.

(b) The average expected life of the option was estimated assuming that the options were exercised at the weighted average period from June 2009 to each director's expected retirement date, based upon the number of stock options allocated to each director, plus 10 days of the exercisable period.

(c) Expected dividends are determined based on the actual dividends on common stock for the fiscal year ended March 31, 2009.

(d) Japanese government bond yield corresponding to the average expected life.

(4) Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of options that have actually been forfeited is reflected.

Fiscal year ended March 31, 2011

Share-based compensation expense of ¥66 million is accounted for as general and administrative expenses in the fiscal year ended March 31, 2011.

Outline of stock options and changes are as follows:

(1) Outline of stock options

	First grant-1	First grant-2
Title and number of grantees	5 directors	3 executive officers
Number of stock options (a)	184 common shares	21 common shares
Grant date	August 12, 2008	August 12, 2008
Condition for vesting	Within 10 days from the day following the day that a subscription holder loses its position as a director	Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer
Requisite service period	No provisions	No provisions
Exercise period	From August 13, 2008 to August 12, 2038	From August 13, 2008 to August 12, 2038

	Second grant-1	Second grant-2
Title and number of grantees	4 directors	5 executive officers
Number of stock options (a)	171 common shares	38 common shares
Grant date	August 3, 2009	August 3, 2009
Condition for vesting	Within 10 days from the day following the day that a subscription holder loses its position as a director	Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer
Requisite service period	No provisions	No provisions
Exercise period	From August 4, 2009 to August 3, 2039	From August 4, 2009 to August 3, 2039

	Third grant-1	Third grant-2
Title and number of grantees	5 directors	4 executive officers
Number of stock options (a)	423 common shares	51 common shares
Grant date	August 9, 2010	August 9, 2010
Condition for vesting	Within 10 days from the day following the day that a subscription holder loses its position. as a director	Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer
Requisite service period	No provisions	No provisions
Exercise period	From August 10, 2010 to August 9, 2040	From August 10, 2010 to August 9, 2040

(a) Number of shares means total shares to be issued upon exercise of subscription rights to shares.

(2) Scale and changes in stock options

The following describes scale and changes in stock options that existed during the fiscal year ended March 31, 2011.

The number of stock options is converted into the number of shares.

Fiscal year ended March 31, 2011:

Number of stock options

	First grant-1	First grant-2
Before vested		
As of March 31, 2010	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding	—	—
After vested		
As of March 31, 2010	157	21
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding	157	21

	Second grant-1	Second grant-2
Before vested		
As of March 31, 2010	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding	—	—
After vested		
As of March 31, 2010	171	38
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding	171	38

	Third grant-1	Third grant-2
Before vested		
As of March 31, 2010	—	—
Granted	423	51
Forfeited	—	—
Vested	423	51
Outstanding	—	—
After vested		
As of March 31, 2010	—	—
Vested	423	51
Exercised	—	—
Forfeited	—	—
Outstanding	423	51

Price information	First grant-1	First grant-2
Exercise price	¥1 per share	¥1 per share
Average stock price at exercise	—	—
Fair value at the grant date (a)	¥236,480 per subscription to share	¥236,480 per subscription to share

Price information	Second grant-1	Second grant-2
Exercise price	¥1 per share	¥1 per share
Average stock price at exercise	—	—
Fair value at the grant date (a)	¥221,862 per subscription to share	¥221,862 per subscription to share

Price information	Third grant-1	Third grant-2
Exercise price	¥1 per share	¥1 per share
Average stock price at exercise	—	—
Fair value at the grant date (a)	¥139,824 per subscription to share	¥139,824 per subscription to share

(a) The number of shares to be issued upon exercise of one subscription right to shares shall be 1 common share.

(3) Valuation method for estimating per share fair value of stock options

Valuation technique used for valuating fair value of Third grant-1 of subscription rights to shares and Third grant-2 of subscription to shares during the fiscal year ended March 31, 2011 were as follows:

Valuation method used: Black-Scholes option-pricing model

Principal parameters and estimation method	Third grant-1	Third grant-2
Expected volatility of the underlying stock (a)	37.62%	37.62%
Remaining expected life of the option (b)	4.81 years	4.81 years
Expected dividends on the stock (c)	¥5,200 per share	¥5,200 per share
Risk-free interest rate during the expected option term (d)	0.346%	0.346%

(a) The expected volatility was calculated based upon share price data during the two years and five months from February 29, 2008 to August 9, 2010.

(b) The average expected life of the option was estimated assuming that the options were exercised at the weighted average period from June 2010 to each director's expected retirement date, based upon the number of stock options allocated to each director, plus 10 days of exercisable period.

(c) Expected dividends are determined based on the actual dividends on common stock for the fiscal year ended March 31, 2010.

(d) Japanese government bond yield corresponding to the average expected life.

(4) Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of options that have actually forfeited is reflected.

29. Asset retirement obligations

(1) Overview of asset retirement obligations

Asset retirement obligations are based upon estimated future restoration obligations pursuant to real estate lease agreements of head office and others.

(2) Method of calculating the amount of the asset retirement obligations

Estimated useful life: 4-18 years

Discount rate: 0.4-1.9%

(3) The changes in asset retirement obligations for the fiscal year ended March 31, 2011 were as follows:

	Millions of yen
March 31, 2011	**2011**
Balance at the beginning of the year (note)	**¥247**
Increase on purchases of tangible fixed assets	**11**
Accretion expense	**4**
Obligations settled in current period	**—**
Balance at the end of the year	**264**

Note: The balance of the asset retirement obligations at the beginning of the fiscal year is stated, because the Bank has adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008) from this fiscal year ended March 31, 2011.

30. Per share data

	Yen	
March 31, 2011 and 2010	**2011**	2010
Net assets per share	**¥96,050.49**	¥90,039.83

	Yen	
Years ended March 31, 2011 and 2010	**2011**	2010
Net income per share	**¥13,198.52**	¥14,716.01
Net income per share (diluted)	**13,191.01**	14,712.13

Note: Net income per share is calculated based on the following:

Years ended March 31, 2011 and 2010	Millions of yen, except number of shares 2011	2010
Net income per share		
Net income	¥ 16,008	¥ 17,953
Amount not attributable to common shareholders	—	—
Net income attributable to common stock	16,008	17,953
Average number of common stock during the year	1,212,873	1,220,021
Net income per share (diluted)		
Adjustment for net income	—	—
Increase in number of common stock	690	321
Stock acquisition rights (inclusive)	690	321
Description of dilutive shares not included in the calculation of diluted net income per share because the shares have no dilutive effects	—	—

31. Segment Information

The Bank has only one segment: banking service. Therefore, this information is omitted and not stated in this section.

(Additional information

Effective from the fiscal year ended March 31, 2011, the Bank has adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information Disclosures" (ASBJ Guidance No. 20, issued on March 21, 2008).

Related Information

(1) Information by service

The amount of ordinary income for outside customers with ATM-related business exceeded 90% of that for the fiscal year ended March 31, 2011; therefore, this information is omitted and not stated in this section.

(2) Information by geographical area

a. Ordinary income

The amount of ordinary income for outside customers in Japan exceeded 90% of that for the fiscal year ended March 31, 2011; therefore, this information is omitted and not stated in this section.

b. Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeded 90% of that on the balance sheets for the fiscal year ended March 31, 2011; therefore, this information is omitted and not stated in this section.

(3) Information by major customer

(Millions of yen)

Name of customer	Ordinary income	Related segment
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥9,100	Banking service

Note: Ordinary income is stated as sales of general enterprises.

IInformation on impairment losses of fixed tangible assets by reportable segment

There is no item to be reported on impairment of fixed assets.

Information on amortization of goodwill and unamortized balance by reportable segment

There is no item to be reported on amortization of goodwill and unamortized balance.

Information on gain on negative goodwill by reportable segment

There is no item to be reported on gain on negative goodwill.

32. Subsequent events

(1) Dividends

On May 27, 2011, the Board of Directors approved the following appropriations of retained earnings:

Appropriation of retained earnings as of March 31, 2011

	Millions of yen
Year-end cash dividends — Common stock (¥2,600 per share)	¥3,096

Independent Auditors' Report

KPMG

Independent Auditors' Report

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

We have audited the accompanying balance sheets of Seven Bank, Ltd. as of March 31, 2011 and 2010, the related statements of income, changes in net assets and cash flows for each of the years then ended expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seven Bank, Ltd. as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

KPMG AZSA LLC

Tokyo, Japan
June 21, 2011

Corporate History

Apr. 2001	Incorporated under the name IY Bank Co., Ltd.
May 2001	Began accepting applications for deposit accounts and commenced ATM services
Mar. 2003	Total number of ATMs in our network reached 5,000
Apr. 2005	Total number of ATMs in our network reached 10,000; opened our first manned outlet
July 2005	Began installation of second-generation ATMs
Oct. 2005	Changed our corporate name from IY Bank Co., Ltd. to Seven Bank, Ltd.
Mar. 2006	Began accepting time deposits
June 2007	Declared the first dividend on shares of our common stock, ¥5,000 per share; began installing our ATMs at locations outside of the Seven & i Holdings Group
July 2007	Introduced new services permitting holders of cash cards and credit cards issued overseas to make Japanese yen withdrawals from our ATMs
Feb. 2008	Listed on the JASDAQ Securities Exchange
Jan. 2010	Began offering personal loan services
Nov. 2010	Total number of ATMs in our network reached 15,000
Nov. 2010	Began installation of third-generation ATMs
Mar. 2011	Began offering international money transfers services

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/

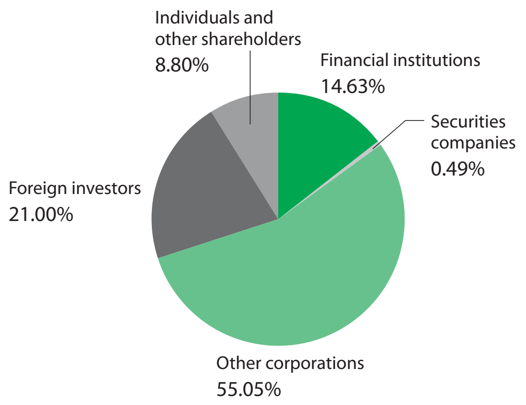
Shareholder Information

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.

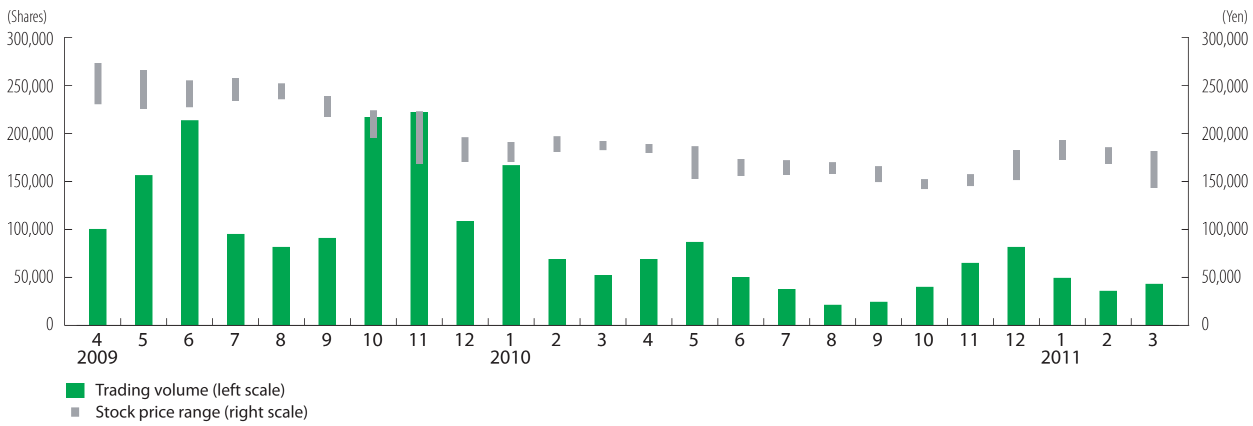
Major Shareholders

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



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