

Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Stock Code: 8410
May 30, 2008

CONVOCATION NOTICE OF THE 7TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders

Notice is hereby given that the 7th Annual General Meeting of Shareholders will be held as described below. We look forward to your attendance at this event.

If you are unable to attend the meeting, we request that you exercise your voting rights by mail. Please review the "Reference Materials for General Meeting of Shareholders" listed below, indicate your preferences on the enclosed Exercise of Voting Rights Form and ensure that it arrives at the return address no later than 5:30 pm on Tuesday, June 17, 2008.

Very truly yours,

Takashi Anzai, President
Seven Bank, Ltd.
6-1 Marunouchi 1-chome
Chiyoda-ku, Tokyo

1. Date and Time Wednesday, June 18, 2008 at 10:00 am
2. Place Ho-Oh-No-Ma
 2F, Tokyo Prince Hotel
 3-1 Shibakoen 3-chome, Minato-ku, Tokyo

3. Agenda for the meeting
Reports Business Report for 7th fiscal period (from April 1, 2007 to March 31, 2008), financial documents, and audit reports on financial documents from the accounting auditors and board of auditors

Resolutions

- | | |
|------------|--|
| Proposal 1 | Appointment of 10 Directors |
| Proposal 2 | Severance payments in conjunction with abolition of the retirement benefit system for Directors and Statutory Auditors |

Proposal 3 Amendment of remuneration levels for directors and auditors

Proposal 4 Remuneration in the form of stock options for directors — amount and type

4. Matters decided in convening the meeting

Should you wish to exercise non-uniform voting rights, you must provide written notification to this effect, together with reasoning for your decision, no less than three days prior to the Meeting.

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- Please present the enclosed Exercise of Voting Rights form to the receptionist at the Meeting.
 - Any amendments to Reference Materials for General Meeting of Shareholders, the Business Report and accompanying financial statements will disclose the Company website and can be viewed at <http://www.sevenbank.co.jp/about/disc/tsuchi.html>.

Reference documents

Business Report for the 7th Term (from April 1, 2007 to March 31, 2008)

1 Current status of the Company

(1) Business trends and outcomes

Key operations

The Company provides a range of cash deposit and withdrawal services via an extensive ATM network operating 24 hours a day, 365 days a year. The ATM network consists of ATM machines at airports, hotels and train stations as well as retail outlets including Seven-Eleven and Ito-Yokado, backed up by partnerships with a wide variety of financial institutions including banks, credit unions, credit cooperatives, Labour Banks, the JA Bank, JF Marine Bank, securities companies, life insurance companies, credit card companies, and consumer finance companies.

The Company also provides convenient deposit accounts combining ATM and remote banking services, primarily for the benefit of personal customers. In addition, the Company provides agency services for banks and administrative intermediation services for other product and service providers, through innovative services such as Everyone's Bank Teller Window (manned outlet in Ito-Yokado stores) and the internet website Everyone's Money Site.

Financial and economic environment

Japan's economic growth is slowing, mainly due to the effects of high energy and material prices. Corporate profits have been levelling off, albeit at a high level, and business sentiment has recently become cautious. The pace of increase in business fixed investment has become slower, and both public and housing investment has remained at low level. Moreover, the improvement in the situations of employment seems to come to at a standstill and income growth is generally flat, therefore consumer sentiment has also begun to worsen.

The weakness of corporate demand for funds, the sub-prime loan problem, and other factors create inevitably challenging conditions for the banking industry, which needs to address the issues of further improving operational efficiency and enhancing its relative competitive position. Against this backdrop, there are growing efforts towards evolving services to enhance competitive positions, such as making available ATMs placed in convenience stores for free in business hours, the creation of ties among neighbouring financial institutions as they seek to cut costs and strengthen product development capabilities, and efforts to concentrate resources on strategic sectors while outsourcing business in other sectors. We have also seen the other ATM operators for convenience stores an active drive to develop regional areas.

Business trends and outcomes for the current fiscal year

(1) Automated Teller Machine (ATM) services ATM operations

- Status of partnerships

Seven Bank established partnerships with Banco do Brazil (April 2007), The Kiyo Bank Ltd, The Akita Bank Ltd. and The Howa Bank Ltd. (July 2007), The Fukuho Bank Ltd. (August 2007), Woori Bank, SBI Sumishin Net Bank Ltd, and The Oita Bank Ltd. (September 2007), The Eighteenth Bank Ltd. (December 2007), The Hong Kong and Shanghai Banking Corporation (January 2008), The Gifu Bank Ltd., The Aichi Bank Ltd, and The Sumitomo Trust & Banking Co. Ltd. (March 2008), as well as three shinkin banks and two other financial institutions.

This brought the total number of partners at the end of March 2008 up to 554, including 92 banks, 260 shinkin banks, 122 credit cooperatives, 13 Labour Banks, 1 JA bank, 1 JF Marine bank, 8 securities companies, 8 life insurance companies, and 49 other financial institutions.

- Status of ATM installation

The Company installed ATMs Akita Prefecture and Wakayama Prefecture in July 2007, followed by Oita Prefecture in September 2007, completing the move into all regions with Seven-Eleven and/or Ito Yokado stores. The Company was also contracted to handle all ATM operation and management at Nomura Securities' head office and branches (340 units at the end of March 2008), thereby expanding its ATM network into all regions of Japan. Furthermore, the Company geared up its expansion into stores outside the Seven and i Holdings group alongside the July 2007 launch of services compatible with foreign-issued cash cards, installing ATMs at Narita Airport (4 ATMs), Haneda Airport (2 ATMs), New Chitose Airport (1 ATM), Fukuoka Airport (2 ATMs), and at hotels and stations.

Accordingly, the number of installed ATMs increased by 944 compared with the end of March 2007 to reach 13,032 at the end of March 2008.

- Status of ATM usage

At the Company's ATMs Seven Bank's cash cards can be used to make withdrawals, deposits, transfers, PIN changes, changes to withdrawal limits, and balance inquiry, in addition to which partner financial institutions' cash cards can also be used to make withdrawals, balance inquiry, and access other services. In July 2007 the Company commenced services allowing users to use cash and credit cards issued overseas, including VISA, MasterCard, American Express, JCB and China Union Pay to make yen withdrawals at all its ATMs. Efforts to advertise these services in conjunction with the Japanese government's Visit Japan Campaign (the Yokoso! Japan Campaign to encourage foreign visitors to Japan) are leading to steady growth in usage. Seven Bank also commenced e-money charge service nanaco via second-generation ATMs in September 2007. Furthermore, the Company began a service for vision-impaired people that provides audio guidance for transactions via intercom in November 2007, and expanded this to all partner banks (except Japan Post Bank) in February 2008. The Company also expanded ATMs' compatibility to handle IC cards to 52 banks (including Seven Bank) in four industry subsectors at the end of March 2008.

Thanks to the inauguration of these new services, to growth in the number of partners and of ATMs, and to the increase in the number of partner financial institutions offering commission-free

weekday daytime use of ATMs, total ATM usage in the fiscal year to March 2008 reached 498 million transactions (up 80 million transactions year-on-year), giving average daily usage per ATM of 109.0 transactions over the period (up 11.2 transactions year-on-year).

Note: Handling services, permissible usage times, commissions, and other terms governing other financial institutions' cash cards vary among different partner financial institutions.

(2) Status of financial services business

The Company recorded 601,000 accounts at the end of March 2008, with the balance of deposits at 170.5 billion yen. Of these, there were 580,000 individual customer accounts (114,000 higher year-on-year) with a balance of deposits of 92.4 billion yen (up 20.2 billion yen year-on-year), giving growth in both the number of accounts and the balance. The balance of individual customers' deposits was 66.8 billion yen in ordinary deposits (up 8.8 billion yen year-on-year) and 25.6 billion yen in time deposits (up 11.4 billion yen year-on-year).

In its agency and intermediary services, the Company expanded products and services handled, such as launching a financial product brokerage service, and it also strengthened its marketing structure. Specifically, the Company added one more manned outlet, "Everyone's Bank Teller Window" set up within Ito Yokado stores (opening the Ario Nishi Arai Store Branch in November 2007) bringing the total to six stores, while it also commenced the "Everyone's Money Site" on the internet in June 2007, offering intermediary and brokerage services for financial products.

(3) Business performance

Seven Bank's results reported ordinary income of 83,663 million yen (up 10.9% year-on-year), ordinary profit of 24,650 million yen (down 1.4% year-on-year) and net income of 13,830 million yen (up 9.1% year-on-year) in its results for the 7th period ending March 2008.

Ordinary income rose thanks to solid ATM usage frequency. On the other hand, the change from leasing ATMs to outright purchase led to an increase in depreciation of fixed assets, and ordinary profit declined year-on-year. However, net income increased year-on-year thanks to a decline in ATM lease contract cancellation charges accounted as extraordinary losses.

Note that Seven Bank listed on the Jasdaq Securities Exchange on 29 February 2008.

(4) Status of assets, liabilities, and net assets

Total assets stood at 488,137 million yen. Cash and due from banks, required to run ATMs, amounted to 267,277 million yen, accounting for the majority. In other areas, the balance of securities mainly held as collateral for exchange settlement and Bank of Japan current account overdraft transactions was 97,849 million yen, and the balance of tangible fixed assets, mainly consisting of ATMs switched from leases to Company purchases from FY2006, was 17,212 million yen. Note that ATM-related temporary payments increased as a result of holidays at the end of the previous financial year, but this factor dropped out of accounts in FY2007, so total assets were 44,619 million yen lower at the end of this financial year than at the end of FY2006.

Liabilities stood at 399,162 million yen. Most of these were deposits, the balance of which was 170,548 million yen (excluding negotiable certificates of deposit). Of these, the balance of individuals' ordinary deposits was 66,834 million yen, and the balance of term deposits stood at 25,609 million yen.

Net assets amounted to 88,974 million yen. Retained earnings were 26,755 million yen, while the Company also booked 1,227 million yen in capital surplus from the difference between the purchase and sale prices associated with the flotation of treasury stocks in the stock market listing. Note that the non-consolidated Tier I capital ratio (domestic standard) was 43.89% (preliminary figure).

Issues the Company needs to overcome

The process of increasing the number of partners and expanding regional coverage has just about run its course, and the pace of growth in the number of ATMs and in usage count is expected to be slower than hitherto. Under these circumstances, the Company recognizes that the extent to which it can bring its financial services, mainly agency and intermediary services at manned outlets and via its homepage, up to full speed while continuing to expand its core ATM business, the Company's strong point, will be a key issue in achieving further steady business evolution.

The major projects and programs are described below.

In the ATM business, Seven-Eleven is due to set up new stores in the Hokuriku region, and the Company will establish an ATM presence in this region in tandem with this move. The Company will continue to install one more ATM in high-usage Seven-Eleven stores (there were 331 stores with two ATMs each at the end March 2008), striving to minimize customer waiting times. Additionally, the Company will actively install ATMs at airports, hotels, stations, and other facilities outside Seven & i Holdings group stores, while also jointly installing them in other financial institutions' ATM corners and actively seeking contracts to operate and manage all aspects of ATM services on behalf of other financial institutions. Moreover, the Company will not only increase the number of ATMs but also enhance services in response to customers' needs. On 19 May 2008 the Company will extend the service for the vision-impaired, inaugurated in November 2007, to Japan Post Banks as well. Accordingly, customers at the 500-plus financial institutions with which Seven Bank has partnership agreements (banks, shinkin banks, credit cooperatives, labour banks, JA Bank, JF Marine Bank, and securities companies) will be able to use this service. The Bank will also work to extend IC card compatibility, PIN change services and others to more partner financial institutions, while aiming to complete the upgrade to second generation ATMs with faster processing speeds by the end of September 2008.

Turning next to the financial services business, the Company aims to expand its agency and intermediary services to reflect customers' needs via its manned outlets "Everyone's Bank Teller Window" and its "Everyone's Money Site" internet homepage (there are no plans to open new manned outlets). The Company will also seek to increase the number both of customers at manned outlets and visitors to its website by enhancing consulting functions at manned outlets and by

strengthening search and comparison functions on its internet homepage, while working to create a structure at which each individual customer can select products and services suitable to his or her own requirements.

The Company aims to build up a structure capable of delivering sustainable growth by working to expand its business franchise further in both its ATM business and financial services, creating a broad-based earnings structure through these initiatives.

We trust that this outlook appeals to our shareholders, and we look forward to your continued support for the Company's ongoing operations.

(2) Assets and profit-loss

(Unit: 100 million yen)

	FY2004	FY2005	FY2006	FY2007
Deposits	1,247	1,817	1,878	1,705
Time deposits	—	37	159	332
Others	1,247	1,780	1,718	1,373
Bonds	150	150	750	750
Loans receivable	—	—	—	—
To individuals	—	—	—	—
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	260	535	783	978
Japanese government bonds	199	475	781	975
Others	60	60	1	2
Total assets	3,133	3,613	5,327	4,881
Amount of domestic exchange handled	7,317	11,024	32,405	77,632
Amount of foreign exchange handled	million dollars —	million dollars —	million dollars —	million dollars —
Ordinary profit	million yen 10,075	million yen 19,409	million yen 25,021	million yen 24,650
Net income for the term	million yen 10,843	million yen 10,590	million yen 12,667	million yen 13,830
Net income per share for the term	yen 8,888.51	yen 8,680.89	yen 10,736.56	yen 11,808.84

Note: Figures in table are rounded off to the nearest whole unit.

(3) Employees

	Current FY end	Previous FY end
Number of employees	290	258
Average age	43 years 2 months	43 years 7 months
Average years of service	2 years 7 months	2 years 2 months
Average monthly salary	441,000 yen	434,000 yen

Note:1. Figures for average age, average years of service and average monthly salary are rounded off to the nearest whole unit.

2. Number of employees figures do not include temporary or part-time employees.
 3. Average monthly salary is the average figure for March, excluding bonuses

(4) Sales offices and branch stores

(a) Growth in numbers of sales offices and branch stores

	Current FY end	Previous FY end
	Total (incl. branch stores)	Total (incl. branch stores)
Tokyo metropolitan region	21 (3)	20 (2)
Saitama prefecture	1 (1)	1 (1)
Chiba prefecture	2 (2)	2 (2)
Total	24 (6)	23 (5)

Note: In addition to the above, non-store automated cash dispensers were installed in 12,388 locations as at the end of the current fiscal year (up from 11,850 the previous year).

(b) New sales offices and branch stores

Names	Location
Ario Nishi Arai branch store at Ito-Yokado	Ground floor, Ito-Yokado Ario Nishi Arai 1-20-1 Sakae-machi, Nishi-Arai, Adachi-ku, Tokyo

Note: In addition to the above, 1,050 new non-store automated cash dispensers were installed during the current fiscal year, while 512 were decommissioned.

(c) Bank agencies

There were no bank agencies acting on behalf of the Company.

(d) Bank agency services

Name/trading name of affiliated financial institution
Sumitomo Mitsui Banking Corporation
The Chiba Bank, Co., Ltd.
Saitama Resona Bank, Ltd.

(5) Plant and equipment investment

(a) Total value of investment

(Unit: million yen)

Total plant and equipment investment	20,995
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Note: 1. The above figure is rounded off to the nearest whole unit.

2. The above figure represents total investment in tangible and intangible fixed assets (excluding transfers from temporary accounts).

(b) Major plant and equipment projects

(Unit: million yen)

Details	Value
Automated teller machines	13,750
Software	5,414

Note: All figures are rounded off to the nearest whole unit.

(6) Key parent and affiliate company relationships

(a) Parent companies

Name	Location	Main business	Founded	Capital	Percentage of voting rights in the Company owned by the parent company*	Other
Seven & i Holdings Co., Ltd.	Chiyoda-ku, Tokyo	Pure holding company	September 1, 2005	million yen 50,000	% 47.78 (47.78)	—

Note:* Brackets indicate indirect ownership.

The parent company has a cash transaction relationship with the Company.

(b) Subsidiary companies

Nothing to report.

(7) Assignment of business

Nothing to report.

(8) Other key matters in relation to the bank

(a) Funding procurement

Following listing on the JASDAQ Securities Exchange on February 29, 2008, the Company sold treasury stock in order to raise capital with a total value of 7,095 million yen. This money was used as operating funds for cash placed in our ATMs*.

* The Company's main source of revenue is derived from ATM-related fee income levied on partner companies for the use of ATM services such as withdrawal and transfer at ATM machines installed in Seven-Eleven stores and other participating outlets. The Company is therefore obliged to keep the ATMs stocked with cash for withdrawal purposes. This is classified as operating funds for "cash placed in ATM."

(b) Major loan sources

(Unit: million yen)

Loan source	Value of loans
The Dai-ichi Mutual Life Insurance Company	20,000
Meiji Yasuda Life Insurance Company	19,000
Sumitomo Life Insurance Company	9,000
Nippon Life Insurance Company	5,000
Mitsui Sumitomo Insurance Co., Ltd.	5,000

2 Executives (directors and statutory auditors)

(1) Directors

(as at end of financial year)

Name	Position Area of responsibility	Other posts held concurrently	Other
Takashi Anzai	President [Business in Charge] Internal Audit Division	Director, Seven & i Holdings Co., Ltd. Statutory Auditor, The Asahi Shimbun Company	-
Masatoshi Wakasugi	Director, Senior Managing Executive Officer and General Manager , Human Resources Division [Business in Charge] Risk Management Office, Research Division, Human Resources Division		-
Toshiaki Ikeda	Director, Managing Executive Officer and General Manager , System Development Division [Business in Charge] System Development Division, System Planning Office, Operations Division, Customer Service Division, ATM Administration Division		-
Kensuke Futagoishi	Director, Managing Executive Officer and General Manager , Planning Division [Business in Charge] Planning Division, Treasury Office		
Takahide Sakurai	Director (part-time)	Advisor to the Dai-ichi Mutual Life Insurance Company	-
Nobutake Sato	Director (part-time)	Director and Vice Chairman of Ito-Yokado Co., Ltd. Chairman, Representative Director and Chief Executive Officer of York-Benimaru Co., Ltd.	-
Tadahiko Ujiie	Director (part-time)	Director, Senior Executive Officer and Chief Financial Officer of Seven & i Holdings Co., Ltd. Director and Senior Executive Officer with responsibility for the Planning Office and General Manager of Finance Department at Seven-Eleven Japan Co., Ltd. President of SE Capital Corporation President of Seven & i Financial Center Co., Ltd.. President of Seven & i Financial Group	-
Hideo Tanaka	Statutory Auditor (full-time)		-
Masaharu Hino	Statutory Auditor (part-time)	Lawyer Professor at Surugadai Law School Director of JASDAQ Securities Exchange, Inc.	-
Sachiko Kishimoto	Statutory Auditor (part-time)	Director and Secretary-General, Center for Public Resources Development	-
Masayuki Sato	Statutory Auditor (part-time)	Executive Officer and CSV System Senior Officer of the System Planning Division, Seven & i Holdings Co., Ltd.	-

(2) Remuneration for company directors

Category	Remuneration level
Director	220 million yen (inclusive of 57 million yen in non-salary payments)
Statutory Auditor	30 million yen (inclusive of 4 million yen in non-salary payments)
Total	251 million yen (inclusive of 61 million yen in non-salary payments)

Note:

1. All figures are rounded to the nearest whole unit.
2. Remuneration includes 61 million yen reserve for retirement benefits for directors and statutory auditors during current fiscal year (57 million yen for directors, 4 million yen for auditors). As at March 31, 2008, the Company held reserve for retirement benefits for directors and statutory auditors of 269 million yen (248 million yen for directors, 20 million yen for auditors), including the above amount.
3. In addition to the above, 8 million yen was paid to ordinary employees serving as directors, being the equivalent of employee salaries.
4. Directors and statutory auditors did not receive executive bonuses or stock options.
5. Maximum remuneration levels adopted at the Annual General Meeting of Shareholders on June 16, 2006 are 200 million yen for directors and 70 million yen for statutory auditors.

3 External executives

(1) Concurrent posts held by external executives

Name	Concurrent posts
Takahide Sakurai	Advisor to The Dai-ichi Mutual Life Insurance Company (a shareholder in the Company with business interests in the Company) External auditor, Tokyu Corporation External auditor, Asahi Breweries, Ltd. External auditor, Yokogawa Electric Corporation External director, Imperial Hotel, Ltd.
Nobutake Sato	Director and Vice Chairman of Ito-Yokado Co., Ltd. (a shareholder in the Company with business interests in the Company) Chairman and Chief Executive Officer of York-Benimaru Co., Ltd. (a shareholder in the Company with business interests in the Company) Director of Robinson Department Store Co., Ltd. Director of Marudai Co., Ltd.
Tadahiko Ujiie	Director, Senior Executive Officer and Chief Financial Officer of Seven & i Holdings Co., Ltd. (parent company with business interests in the Company) Director, Senior Executive Officer with responsibility for Planning Office and General manager of Finance Division at Seven-Eleven Japan Co., Ltd. (a shareholder in the Company with business interests in the Company) President of SE Capital Corporation (which has business interests in the Company) President of Seven & i Financial Center Co., Ltd. President of Seven & i Financial Group External auditor of Seven & i Life Design Research Institute, Ltd.
Hideo Tanaka	None
Masaharu Hino	External director of JASDAQ Securities Exchange (on which the Company is listed) External auditor of Toyo Kanetsu K.K.
Sachiko Kishimoto	None
Masayuki Sato	Executive Officer and CSV System Senior Officer of the System Planning Division, Seven & i Holdings Co., Ltd. (parent company with business interests in the Company)

Note: There are no major business interests in the Company other than those detailed above.

(2) Contribution of external executives

Name	Appointment period	Attendance at the Board of Directors during current fiscal year	Verbal input and other contributions at the Board of Directors
Takahide Sakurai	April 2001 to present	Attended 9 of 15 Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Nobutake Sato	As above	Attended 14 of 15 Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Tadahiko Ujiie	As above	Attended all 15 Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Hideo Tanaka	As above	Attended all 15 Board of Directors meetings Attended all 11 Board of Auditors	Assumed overall responsibility for auditing processes, attending meetings and conferences on business management and other key events in his capacity as permanent auditor
Masaharu Hino	June 2005 to present	Attended 13 of 15 Board of Directors Attended all 11 Board of Auditors	Contributed advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on his expertise in legal affairs
Sachiko Kishimoto	As above	Attended 14 of 15 Board of Directors Attended all 11 Board of Auditors	Contributed advice and opinions from the consumer perspective on the consumer protection implications of management policy and company operations
Masayuki Sato	As above	Attended all 15 Board of Directors Attended all 11 Board of Auditors	Contributed advice and opinions on the systems risks associated with aspects of management policy and company operations, drawing on his expertise as a systems analyst

(3) Liability limitation agreements

On the basis of the provisions of Article 427, Section 1 of the Company Law, the Company has concluded agreements with all part-time directors for limitation of indemnity liability as provided in Article 423, Section 1 of the Company Law.

The amount of the liability limitation under the agreement is as provided by law.

(4) Remuneration for external executives

	Remuneration from banks	Remuneration from bank parent companies
Total remuneration	48 million yen (inclusive of 7 million yen in non-salary payments)	51 million yen

Note:

1. All figures are rounded to the nearest whole unit.
2. Remuneration includes 7 million yen reserve for retirement benefits for directors and statutory auditors during current fiscal year. As at March 31, 2008, the Company held reserve for retirement benefits for directors and statutory auditors of 43 million yen, including the above amount.
3. Directors and Statutory auditors did not receive executive bonuses or stock options.

(5) Input from external executives

Nothing to report.

4 Company shares

(1) Shares	Total available for issue	Normal shares	4,880,000
	Total issued	Normal shares	1,220,000
(2) Shareholders as at end of term			20,024
(3) Major shareholders			

Shareholder name/title	Shareholding in the Company	
	Number of Shares	% holding
Seven-Eleven Japan Co., Ltd.	303,639	24.88
Ito-Yokado Co., Ltd.	196,961	16.14
The Master Trust Bank of Japan, Ltd. (trust account)	75,370	6.17
Japan Trustee Services Bank Ltd. (trust account)	53,525	4.38
York-Benimaru Co., Ltd.	52,400	4.29
Life Foods Co., Ltd.	30,000	2.45
Goldman Sachs International	23,428	1.92
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,000	1.63
Sumitomo Mitsui Banking Corporation	15,000	1.22
Resona Bank, Ltd.	15,000	1.22
The Dai-ichi Mutual Life Insurance Company	15,000	1.22

Note:

1. Shareholding ratios are rounded off to two decimal places.
2. Table shows the 11 largest shareholders, two of which hold more than 10% of total shares issued.

(4) Other share considerations

Sale of treasury stock in accordance with August 3, 2007 decision of the Board of Directors

1. Type and number of shares 300 ordinary shares
2. Total value 39,300,000 yen
3. Purpose of sale Transfer to employee ownership scheme
4. Date of sale August 27, 2007

Sale of treasury stock in accordance with January 22, 2008 decision of the Board of Directors

1. Type and number of shares 53,350 ordinary shares

2. Total value	7,095,550,000 yen
3. Purpose of sale	Listing on JASDAQ Securities Exchange
4. Date of sale	February 29, 2008

5 Stock options

Nothing to report.

6 Independent auditors

(1) Independent auditors

Name/title	Remuneration in relevant business year	Other
KPMG AZSA & Co. Designated employees Toraki Inoue, Certified Public Accountant Youichi Ozawa, Certified Public Accountant	Remuneration for the performance of duties stipulated in Article 2, Section 1 of the Certified Public Accountants Law: ¥67 million Other forms of remuneration: ¥3 million	Independent auditors are also paid for the performance of duties other than those stipulated in Article 2, Section 1 of the Certified Public Accountants Law, such as advising on the imposition of internal controls on financial reporting

Note:

1. All figures have been rounded off to the nearest whole number.
2. In determining the remuneration payable to auditors, auditing contracts between the Company and its accounting auditors do not distinguish between auditing as defined in the Company Law and auditing as defined in the Financial Instruments Trading Law, given that delineation between the two is effectively impossible. Accordingly, the level of remuneration for the performance of duties prescribed in Article 2, Section 1 of the Certified Public Accountants Law is inclusive of remuneration stipulated in the Financial Instruments Trading Law.
3. Remuneration for the performance of duties prescribed in Article 2, Section 1 of the Certified Public Accountants Law is inclusive of remuneration for auditing duties performed in connection with listing on the JASDAQ Securities Exchange.

(2) Liability limitation agreements

Nothing to report.

(3) Other matters in connecting with accounting auditors

(a) Policy for dismissal and non-renewal of accounting auditors

In the event that the actions of an accounting auditor fall into any of the categories listed in Article 340, Section 1 of the Company Law, the Company's Board of Auditors shall investigate said actions and shall, where deemed appropriate and subject to the consensus of all auditors, seek the dismissal of said accounting auditor. Where the Board of Directors of the Company deems a change of accounting auditor to be necessary based on considerations such as the auditor's performance of duties and the auditing regime of the Company, the Board of Directors shall, with the approval of the Board of Auditors, present a motion regarding non-renewal of said accounting auditor to the Annual General Meeting of shareholders.

(b) Policy on exercise of the authority granted to the Board of Directors in relation to articles of incorporation as prescribed in Article 459, Section 1 of the Company Law

One of the key management objectives of the Company is to return profits to shareholders. The Company is committed to distributing end-of-term surpluses to shareholders in the form of consistent and continuous cash payments at a level that achieves a proper balance between shareholder interests and the need to maintain a healthy level of retained earnings. The target dividend ratio is 35% per annum.

(c) Regarding audits performed on the financial statements (or equivalent materials) of a subsidiary company or other subsidiary entity of a major company (as defined in Article 444, Section 3 of the Company Law), where the audit is performed by a Certified Public Accountant other than the accounting auditor of the Bank (which may be a foreign certified public accountant as defined in Article 16 – 2, Section 5 of the Certified Public Accountant Law) or an audit corporation (which may be a foreign entity with the appropriate equivalent qualifications) and is performed in accordance with the provisions of the Company Law and/or the Securities and Exchange Law (or equivalent foreign legislation)

Not applicable.

7 Policy on financial and operational decision-making personnel

Although not explicitly stated, the Company's basic objective is to work towards maximizing our corporate value through an ongoing commitment to continuous growth and expansion and improving corporate governance.

8 Preparation of internal control systems

At a Board of Directors meeting held on May 8, 2006, it was decided that the Bank would adopt items of Company Law Article 362, Paragraph 4, Item 6, necessary to implement system improvements. Details regarding this decision are reviewed each fiscal year in a Progress Review and the decision to revise certain elements was made at a Board of Directors meeting held May 8, 2008. The following is an outline of these systems:

(1) Systems to ensure that directors adhere to laws and company statutes in the implementation of their duties

The Board of Directors has established Basic Compliance Policies and Compliance Standards in order to implement compliance in our management. The directors provide an overview of the status of compliance initiatives to the Board of Directors on a regular basis.

(2) Systems for the preservation and administration of information related to the implementation of directors' duties

Information related to the implementation of directors' duties shall be appropriately and reliably preserved and administered, and will be promptly disclosed to directors and statutory auditors on request.

(3) Systems and regulations for the management of risk of losses, etc.

The Board of Directors has established Basic Risk Management Policies to systematically make risk management decisions in an effort to ensure sound and effective administration and appropriate management of risk of loss related to the Bank's operations. Risk management related issues are regularly reported by directors to the Board of Directors.

(4) Systems to ensure the effective implementation of the Board of Directors duties

Based on the established Board of Directors Regulations the Board of Directors stipulates important items to report and discuss and will seek effective operation of the Board. The Board of Directors has established an Executive Committee to improve decision-making efficiency in the execution of operations and has introduced an executive officer system aiming for smooth and efficient execution of business duties.

(5) Systems to ensure that employees adhere to laws and company statutes in the execution of their duties

The Board of Directors will maintain the necessary compliance framework required for compliance to the Basic Compliance Policies and Compliance Standards. The Board of Directors will assume final responsibility for formulating a framework to ensure compliance, policy decision-making, enforcing and verifying the status of policy implementation and the evaluation of policies regarding the execution of staff duties.

(6) Systems to ensure fair execution of group operations

As a member of the Seven & i Holdings group that shares its management philosophy, the Bank aims to cultivate a shared awareness of compliance among its directors and employees. Further, the Bank places the highest priority on the soundness of bank management and while adhering to regulations such as the arms-length rule, the Bank will maintain a framework for independent management resolution.

(7) Items related to requests for placement of support staff for statutory auditors

The Statutory Auditor's Office has been established to support the duties of the statutory auditors and is staffed by specialist staff. In cases where statutory auditors make requests for such support staff the directors will place staff supporting audit operations. The statutory auditors are able to request staff for the support of auditing operations from the Internal Audit Department.

(8) Items related to the independence of statutory auditor support staff from the Board of Directors

The Board of Auditors receives a report from the Board of Directors prior to the transfer regarding the placement of Corporate Auditor support staff and an employee evaluation. When necessary, the Board of

Auditors is able to apply to the directors to alter their decision.

- (9) Systems related to the framework for directors and employees to report to statutory auditors and other items related to reporting to statutory auditors

The Board of Directors and employees are required to report promptly to the statutory auditors legal issues as well as other important matters. The Board of Directors receives explanations from the Board of Auditors on auditing policies and the status of auditing initiatives and deliberates with the Board of Auditors on issues to be reported to the Board of Auditors.

- (10) Other items to ensure that the statutory auditors implement their audit duties effectively

The Board of Directors and the Internal Audit Department hold meetings on a regular basis with the Board of Auditors to exchange opinions on important auditing matters and deepen their mutual understanding

9 Accounting advisor

Not applicable.

10 Other

Nothing to report.

Balance Sheets

Balance Sheet at the End of the 7th Term (as of March 31, 2008)

(Millions of yen)

Category (Assets)	Amount	Category (Liabilities)	Amount
Cash and due from banks	267,277	Deposits	170,548
Cash	260,533	Ordinary deposits	137,162
Due from banks	6,743	Time deposits	33,204
Call loans	28,000	Other deposits	182
Securities	97,849	Negotiable certificates of deposits	48,590
Japanese government bonds	97,555	Call money	1,700
Stocks	294	Borrowed money	65,000
Other assets	61,697	Bonds	75,000
Prepaid expenses	272	Other liabilities	36,479
Prepaid pension cost	118	Income taxes payable	4,106
Accrued income	7,246	Accrued expenses	3,618
Derivatives other than for trading	76	Unearned income	12
ATM-related temporary payments	53,280	ATM-related temporary advances	21,238
Other	702	Accrued expenses for commitment liabilities	5,528
Tangible fixed assets	17,212	Other	1,975
Buildings	729	Reserve for bonuses	245
ATMs	15,412	Reserve for retirement benefits for directors and statutory auditors statutory auditors	270
Other (tangible fixed assets)	1,070	Reserve for losses on cancellation of leases	1,328
Intangible fixed assets	14,794	Total liabilities	399,162
Software	14,065	(Net assets)	
Software-related temporary accounts	712	Common stock	30,500
Other (intangible fixed assets)	15	Capital surplus	31,739
Deferred tax assets	1,373	Capital reserve	30,500
Allowance for credit losses	(67)	Other capital surplus	1,239
		Retained earnings	26,755
		Other retained earnings	26,755
		Retained earnings brought forward	26,755
		Total stockholders' equity	88,994
		Net unrealized losses on available-for-sale securities, net of taxes	(19)
		Total valuation and translation adjustments	(19)
		Total net assets	88,974
Total assets	488,137	Total liabilities and net assets	488,137

Statement of Income

Statement of Income for the 7th Term (from April 1, 2007 to March 31, 2008)

(Millions of yen)

Category	Amount
Ordinary income	83,663
Interest income	893
Interest and dividends on securities	532
Interest on call loans	331
Interest on deposits with banks	29
Fees and commissions income	82,471
Remittance-related fee income	477
ATM-related fee income	80,192
Other fees and commissions income	1,801
Other operating income	23
Gain on financial derivatives	23
Other ordinary income	273
Other	273
Ordinary expenses	59,012
Interest expenses	2,746
Interest on deposits with banks	432
Interest on negotiable certificates of deposits	535
Interest on call money	37
Interest on borrowed money	684
Interest on bonds	1,057
Fees and commissions expenses	8,328
Remittance-related fee expense	200
ATM placement fee expenses	7,796
ATM-related fee expenses	306
Other fees and commissions expenses	25
Other operating expenses	126
Losses on foreign exchange transactions	7
Losses on redemption of bonds	118
General and administrative expenses	47,379
Other ordinary expenses	432
Other ordinary expenses	432
Ordinary profit	24,650
Extraordinary gains	3
Reversal of allowance for credit losses	3
Extraordinary losses	1,310
Losses on disposal of fixed assets	99
Provision of reserve for losses on cancellation of leases	1,014
Other extraordinary losses	195
Income before income taxes	23,343
Current income taxes	8,736
Deferred income taxes	777
Net income	13,830

Statement of Changes in Net Assets

for the 7th Term (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Stockholders' equity					Treasury stock	Total stockholders' equity		
	Common stock	Capital surplus			Surplus				
		Capital reserve	Other capital surplus	Total capital surplus					
Balance as of March 31, 2007	30,500	30,500	5	30,505	18,756	(5,901)	73,861		
Change in items during the period									
Dividends from surplus				—	(5,831)		(5,831)		
Net income				—	13,830		13,830		
Disposal of treasury stock			1,233	1,233		5,901	7,134		
Net change in items other than stockholders' equity				—			—		
Total change in items during the period	—	—	1,233	1,233	7,998	5,901	15,133		
Balance as of March 31, 2008	30,500	30,500	1,239	31,739	26,755	—	88,994		

	Valuation and translation adjustments		Total net assets
	Net unrealized losses on other available-for-sale securities, net of taxes	Total valuation and translation adjustments	
Balance as of March 31, 2007	(11)	(11)	73,849
Change in items during the period			
Dividends from surplus		—	(5,831)
Net income		—	13,830
Disposal of treasury stock		—	7,134
Net change in items other than stockholders' equity	(8)	(8)	(8)
Total change in items during the period	(8)	(8)	15,124
Balance as of March 31, 2008	(19)	(19)	88,974

Notes and comments

All figures are rounded down to the nearest million yen.

Significant accounting policies

1. Valuation standards and valuation method for securities

Securities with fair market values are carried at their fiscal year-end fair market value (cost of securities sold is calculated, using primarily the moving-average method). Other securities with no available fair market values are carried at cost using the moving average method. In this connection, all differences from valuation are included directly as a component of equity.

2. Valuation standards and valuation method for derivative transactions

Derivative transactions are carried at fair value.

3. Depreciation of fixed assets

(1) Tangible fixed assets

Tangible fixed assets are depreciated using the declining-balance method. (However, the straight-line method is used for buildings except for facilities attached to the buildings). Estimated useful lives of major items are as follows:

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

(Changes in accounting policies)

In accordance with the revision of the Corporate Tax Law in 2007, depreciation of tangible fixed assets acquired on or after April 1, 2007 is computed by the procedure stipulated in the revised law.

As a result of the change, ordinary profit and net income before income taxes decreased by 1,059 million yen compared to the corresponding amounts under the previous method.

(Additional information)

For tangible fixed assets acquired on or before March 31, 2007, residual values are depreciated in equal instalments over five years from the next consolidated fiscal year following the fiscal year in which they reached the final depreciable limit. This change did not materially affect the balance sheet etc.

(2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Software utilized by the Company is depreciated over the period in which it is expected to be utilized (five years).

4. Treatment of deferred assets

Stock delivery expenses are accounted as expenses in full at the time of disbursement.

5. Foreign-currency-denominated assets and liabilities

Foreign-currency-denominated assets and liabilities are primarily translated into yen at exchange rates at the balance sheet date.

6. Reserves

(1) Allowance for credit losses

Allowances for credit losses are set aside as detailed below, in accordance with the Company's internal standards for write-offs and provisions. Claims corresponding to normal and doubtful claims are classified into specific categories prescribed in the "Guideline for the Practice in relation to the Verification of the Internal Control with respect to the Self-Assessment of the Assets of Banks and Other Financial Institutions as well as the Audit of the Bad Debt Written Off and Allowance for Doubtful Accounts" (Report No. 4 of the Ad Hoc Committee for the Audit of Banks etc. of The Japanese Institute of Certified Public Accountants), and the allowance is provided on the basis of the ratio of anticipated loss etc. For claims to potentially bankrupt customers, the Company provides loan-loss reserves for the amount deemed necessary by deducting the amount of disposable collateral and the estimated amount of recoverable guaranteed receivables from total receivables. For claims receivable from bankrupt debtors or virtually bankrupt debtors, an allowance is provided for the full amount of such claims, deducting the amount expected to be recovered from the disposal of collateral and the execution of guarantees.

In cooperation with marketing divisions, the Company's Risk Management Office, which is independent from the Company's marketing 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 Company's other divisions and the Risk Management Office.

(2) Reserve for bonuses

The Company records a reserve for bonuses to provide for employees' estimated bonuses, booked as the amount attributable to the relevant fiscal year.

(3) Reserve for employees' severance and retirement benefits

The reserve for employees' severance and retirement benefits is provided for the payment of employees' retirement benefits, booked as the amount deemed to have accrued at the fiscal year-end, based on projected retirement benefit obligations and the fair value of pension plan assets at the fiscal year-end.

In addition, in FY2007, the Company appropriated a surplus in "prepaid pension costs", because projected pension plan assets exceeded the adjusted balance of "unrecognized prior service obligations" and "unrecognized net actuarial difference" under "projected benefit obligation."

In this regard, the prior service obligations and net actuarial difference are charged to expenses as stated below.

Prior service obligations:

The amounts are charged to income and expenses using the straight-line method over a certain number of years (10 years) within the employees' average remaining service period at accrual date.

Net actuarial difference:

The amount charged to income and expenses pro rata using the straight-line method over a certain number of years (10 years) within the employees' average remaining service period, commencing from the next fiscal year following accrual.

(4) Reserve for retirement benefits for directors and statutory auditors

The reserve for retirement benefits for directors and statutory auditors is provided as an

amount equal to the aggregate retirement benefits that would be required to be disbursed at the end of the financial period in question under the Company's internal guidelines.

(5) Reserve for losses on cancellation of leases

Reserves are provided for the rollover to second generation ATMs to provide for losses arising on cancelling leasing contracts before their expiry dates. Reserves are set aside according to reasonable expectations of losses, based on plans to roll over to second generation ATMs etc.

7. Leases

Finance lease transactions other than those in which ownership of the leased product is deemed to be transferred to the lessee are accounted according to the same treatment as for ordinary operating lease transactions.

8. Derivates and hedge accounting

Interest rate risk hedges

Special interest rate swaps are applied to some liabilities. Interest rate swap transactions are designated as the instrument for hedging in hedge positions to balance out market fluctuations in variable interest rates.

9. National and local consumption taxes

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

Changes in accounting policies

(Accounting standards for financial instruments)

The definitions of securities stated on "Accounting Standards for Financial Instruments" (ASBJ Statements No. 10) and "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Laws and Regulations Committee Report No. 14) were partially revised (as of June 15, 2007 and July 4, 2007 respectively), and are applicable from the fiscal year ended on or after enforcement date of the Financial Instruments and Exchange Law. The bank has adopted the revised standards and guidelines commencing with this period.

Change in presentation

(Balance sheet)

"ATMs" which were previously reported as part of "Other tangible fixed assets" are presented as a separate item from this period due to their increased significance.

Notes

(Notes to the balance sheet)

1. 92,027 million yen in securities have been pledged as collateral for exchange settlement and for Bank of Japan current account overdraft transactions.
In other assets, 587 million yen consists of guarantee deposits.
2. Accumulated depreciation of tangible fixed assets: 9,506 million yen
3. Net assets per share: 72,930.25 yen
4. In addition to the fixed assets recorded on the balance sheet, ATMs, certain computers, peripherals, other office equipments, etc. are held under finance leases which do not transfer ownership of the leased assets to lessees.
Leasing finance arrangements other than those where it is deemed that ownership shall be transferred to the lessee.

(1) Cost of purchase	Equipment	13,907 million yen
	Other	502 million yen
	Total	14,409 million yen
(2) Depreciation of fixed assets (cumulative)	Equipment	8,483 million yen
	Other	273 million yen
	Total	8,756 million yen
(3) Balance at end of term	Equipment	5,424 million yen
	Other	229 million yen
	Total	5,653 million yen
(4) Balance of unexpired lease charges at end of term	Up to 1 year	2,730 million yen
	Over 1 year	3,047 million yen
	Total	5,777 million yen
(5) Lease charges payable, depreciation of fixed assets and interest payable		
Lease charges payable		3,961 million yen
Depreciation of fixed assets		3,774 million yen
Interest payable		158 million yen
(6) Depreciation of fixed assets calculations		
Depreciation of fixed assets is calculated using the straight-line method, with the lease period as the durable period and the residual value as zero.		
(7) Calculation of interest payable		
Interest is defined as the difference between the total lease charges and the cost of acquisition of the lease property, distributed among accounting periods using the interest method.		
5. Retirement benefits and related liabilities at end of current term

Retirement benefits	(730 million yen)
Pension assets (current value)	371
<hr/>	
Shortfall in retirement benefits reserve	(359)
Unrecognised actuarial discrepancy	442

Unrecognized prior service obligations	35
Net amount on balance sheet	118
Prepaid pension cost	118
6. Total monetary claims due from related companies:	58 million yen
7. Total monetary obligations due to related subsidiaries:	46,667 million yen
8. The Company has loan commitment contracts with four creditor banks. The unused balance of commitments based on these contracts at the end of the year was as follows.	
Total loan commitment	15,000 million yen
Amount borrowed	—
Net amount	15,000 million yen

- 9.** The Company is governed by restrictions on distributions from surpluses under Article 18 of the Banking Law.

Regardless of restrictions pursuant to Article 445 Paragraph 4 of the Company Act (amount of capital and amount of surplus), when the Company pays dividends from surplus it records an amount equivalent to one-fifth of the amount of the deduction from surplus as a result of the payment of such dividends of surplus as capital reserves or surplus reserves.

The Company's capital reserve is greater than its common stock, so it did not account any surplus connected with dividends from surplus in this financial year.

(Note to statement of income)

- 1.** Income arising from transactions with related companies

Total fee and commission income	642 million yen
Total expenses arising from transactions with related companies	
Total expenses arising from raising capital	287 million yen
Total expenses arising from fees and commissions	7,645 million yen
Total expenses arising from other transactions	1 million yen

- 2.** "Other ordinary expenses" include stock delivery expenses of 49 million yen and expenses related to the stockmarket listing of 277 million yen.

- 3.** "Other extraordinary losses" include 177 million yen for changes in outsourced business contracts.

- 4.** Net income per share: 11,808.84 yen

- 5.** There is no potential equity dilution.

(Note to statements of changes in stockholders' equity)

- 1.** The types and total amounts of shares issued by the Company and of treasury stock are as follows:

(unit: thousand shares)

	Number of shares at the end of the preceding business year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of this fiscal year	Remarks
Stocks issued					
Common stock	1,220	—	—	1,220	
Total	1,220	—	—	1,220	
Treasury stock					
Common stock	53	—	53	—	Note
Total	53	—	53	—	

(Note) The breakdown of the decrease in the number of treasury stocks is as follows:

- Reduction in the number of treasury stocks through disposal following resolution at the board directors' meeting of August 3, 2007: 0 thousand shares
- Reduction in the number of treasury stocks through sales following resolution at the board directors' meeting of January 22, 2008: 53,000 shares

2. There are no stock options.

3. The Company's dividend is as stated below:

Dividends paid during this fiscal year

Resolution	Type of shares	Total amount of dividend	Amount per share	Record date	Effective date
In the Board of Directors' Meeting held on June 1, 2007	Common stock	5,831 million yen	5,000 yen	March 31, 2007	June 25, 2007

Dividends with record dates before March 31, 2008 and effective dates after April 1, 2008 are listed as follows.

Resolution	Type of shares	Total amount of dividend	Fiscal resource	Amount per share	Record date	Effective date
In the Board of Directors' Meeting held on May 29, 2008	Common stocks	5,124 million yen	Surplus	4,200 yen	March 31, 2008	June 2, 2008

4. The breakdown of the "Other surplus" stated in the total amount is as follows.

	Balance outstanding at the end of the preceding fiscal year	Change during this fiscal year	Balance outstanding at the end of this fiscal year
Surplus brought forward	18,756 million yen	7,998 million yen	26,755 million yen

(Securities)

“Japanese government bonds” and “securities” in the balance sheet are as follows.

1. Securities held for trading purposes (As of March 31, 2008)
Not applicable
2. Bonds with market value held to maturity (As of March 31, 2008)
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, related firms and others with market value (As of March 31, 2008)
Not applicable
4. Available-for-sale securities with market value (As of March 31, 2008)

	Acquisition cost (million yen)	Balance sheet account (million yen)	Net unrealized gains/losses (million yen)	Unrealized gains (million yen)	Unrealized losses (million yen)
Japanese government bonds	97,588	97,555	(33)	0	33
Total	97,588	97,555	(33)	0	33

(Note) 1. Market values of equities are based on the market prices on March 31, 2008.
2. “Unrealized gains/losses” consist of “gains” and “losses”.

5. Bonds held to maturity sold during the year (From April 1, 2007 to March 31, 2008)
Not applicable
6. Available-for-sale securities sold during the year (From April 1, 2007 to March 31, 2008)
Not applicable
7. Major components of securities not stated at market value and their respective balance sheet amounts (March 31, 2008)

	Amount(million yen)
Available-for-sale securities Unlisted equities	294
8. Changes in purpose of holding securities
Not applicable
9. Redemption scheduled for securities with maturity and bonds held to maturity in available-for-sale securities (March 31, 2008)

	Within 1 year (million yen)	After 1 year through 5 years (million yen)	After 5 years through 10 years (million yen)	After 10 years (million yen)

Bonds	97,555	—	—	—
Japanese government bonds	97,555	—	—	—
Total	97,555	—	—	—

(Money held in trust)

Not applicable

(Tax effect accounting)

Deferred tax assets and liabilities by type

Deferred tax assets

Reserve for losses on cancellation of leases in excess of limit for inclusion in expenses	540 million
Enterprise taxes payable	327
Depreciation of fixed assets in excess of limit for inclusion in expenses	286
Reserve for retirement benefits for directors and statutory auditors in excess of limit for inclusion in expenses	110
Reserve for bonuses in excess of limit for inclusion in expenses	99
Allowance for credit losses reserve in excess of limit for inclusion in expenses	27
Other	<u>29</u>
Deferred tax assets — TOTAL	1,422

Deferred tax liabilities

Prepaid expense	<u>(48)</u>
Deferred tax liabilities — TOTAL	(48)

Net deferred tax assets 1,373 million yen

(Dealings with related entities)

1. Parent company and major institutional shareholders

Type	Company name	Location	Common stock (million yen)	Main business/industry	Percentage of voting rights owned by parent company	Related information		Type of transaction	Transaction value (million yen)	Category	Balance at end of term (million yen)
						Directors in concurrent roles	Business relationship				
Other affiliated company	Seven-Eleven Japan Co., Ltd.	Chiyoda-ku, Tokyo	17,200	Convenience stores	Owned Direct 24.88%	One director	Installation and administration of ATM on contract basis	Commission payment for ATM installation	7,645	Unpaid expenses	708

(Note) 1. Terms and conditions for ATM placement fee expenses are determined on the basis of a range of factors including the value of work performed and the associated infrastructure expenses borne by the Company.

2. Consumption tax is excluded from transaction amounts but is included in the balance at the end of term.

2. Directors and major individual shareholders

Nothing to report.

3. Subsidiaries

Nothing to report.

4. Affiliates

Type	Company name	Location	Common stock (million yen)	Main business/industry	Percentage of voting rights owned by parent company	Related information		Type of transaction	Transaction value (million yen)	Category	Balance at end of term (million yen)
						Directors in concurrent roles	Business relationship				
Subsidiary of parent company	SE Capital Corporation	Chiyoda-ku, Tokyo	75	Leasing	-	One director	Equipment leasing	Payment for equipment leasing	4,060	Unpaid expenses	168
								Lease termination payments	1,947		

- (Note) 1. Equipment leasing terms and conditions are determined in the same way as for ordinary trading partners. Lease cancellation and termination terms and conditions likewise.
2. Termination payments of 1,947 million yen were made due to termination of equipment lease contracts prior to proper expiry. Accordingly, 1,947 million yen was withdrawn from the reserve for losses on cancellation of leases.
3. Consumption tax is excluded from transaction amounts but is included in the balance at the end of term.

Reference for General Meeting of Shareholders

Proposal 1: Appointment of 10 directors

Since the term of office of all incumbent Directors (7) will expire at the end of this General Meeting of Shareholders, by increasing the number of directors by three in order to reinforce our executive team, we would like to request you to choose ten Board of Directors. The candidates of directors are as follows:

Candidate Number	Name (Date of Birth)	Biography, position and business in charge in our company, and the representation in other juridical people	Number of shares of the Company owned
1	Takashi Anzai (January 17, 1941)	<p>Apr. 1963 Joined the Bank of Japan</p> <p>Dec. 1994 Executive Director, Bank of Japan</p> <p>Nov. 1998 President, Long-Term Credit Bank of Japan, Limited. (Currently, Shinsei Bank, Limited.)</p> <p>Aug. 2000 Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001 President, Seven Bank, Ltd. (Present post)</p> <p>Sep. 2005 Director, Seven & i Holdings Co., Ltd. (Present post)</p> <p>[Business in Charge] Internal Audit Division</p>	400
2	Masatoshi Wakasugi (January 19, 1946)	<p>April 1969 Joined the Long-Term Credit Bank of Japan, Limited. (Currently, Shinsei Bank, Limited.)</p> <p>Jun. 1996 Director and General Control Manager of Personnel Affairs Group and concurrently Manager of Training Department, Personnel Affairs Division of the aforementioned bank</p> <p>Oct. 1997 Senior Managing Director, Chogin Securities Inc.</p> <p>Jun. 1998 Managing Director, UBS Warburg Japan Ltd. (Currently UBS Investment Bank)</p> <p>Jun. 1999 Executive Sales Director of Renown Incorporated</p> <p>Sep. 2000 Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001 Managing Director, Seven Bank, Ltd.</p> <p>Mar. 2003 Managing Director and General Manager of Risk Control Division, Seven Bank, Ltd.</p> <p>Jun. 2006 Director, Senior Managing Executive Officer and General Manager of Risk Control Division, Seven Bank, Ltd.</p> <p>Jun. 2007 Director, Senior Managing Executive Officer, Seven Bank, Ltd.</p> <p>Oct. 2007 Director, Senior Managing Executive Officer, Human Resource General Manager, Seven Bank, Ltd. (Present post)</p> <p>[Business in Charge] Risk Management Office, Research Division, Human Resources Division</p>	230

Candidate Number	Name (Date of Birth)	Biography, position and business in charge in our company, and the representation in other juridical people		Number of shares of the Company owned
3	Toshiaki Ikeda (April 9, 1948)	<p>April 1972 Joined The Sanwa Bank, Limited (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 1994 Deputy General Manager of the System Department of the aforementioned bank</p> <p>May 1997 Head of Muromachi Branch Office of the aforementioned bank</p> <p>Apr. 1999 Seconded to Partners Investment Trust Co.</p> <p>Apr. 2000 Research Officer of the Retail Division of Sanwa Bank, Limited (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 Director and General Manager of the System Development Division, Seven Bank, Ltd.</p> <p>Jun. 2006 Director, Managing Executive Officer and General Manager of the System Development Division, Seven Bank, Ltd. (Present post)</p> <p>[Business in Charge] System Development Division, System Planning Office, Operations Division, Customer Service Division and ATM Administration Division</p>		160
4	Kensuke Futagoishi (October 6, 1952)	<p>April 1977 Joined The Sanwa Bank, Limited (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 General Manager of Retail Planning Department of UFJ Holdings, Inc. (Currently, Mitsubishi UFJ Financial Group)</p> <p>Jan. 2002 General Manager of Gotanda Corporate Sales Department of UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 2003 Joined Seven Bank, Ltd.</p> <p>Nov. 2003 General Manager of Business Promotion Division, Seven Bank, Ltd.</p> <p>Jun. 2004 Director and General Manager of Business Promotion Division , Seven Bank, Ltd.</p> <p>May 2006 Director, General Manager of Planning Division and General Manager of Business Promotion Division, Seven Bank, Ltd.</p> <p>Jun. 2006 Director, Executive Officer, General Manager of Planning Division and General Manager of Business Promotion Division, Seven Bank, Ltd.</p> <p>Oct. 2006 Director, Executive Officer and General Manager of Planning Division, Seven Bank, Ltd.</p> <p>Nov. 2007 Director, Managing Executive Officer and General Manager of Planning Division, Seven Bank, Ltd. (Present post)</p> <p>[Business in Charge] Planning Division and Treasury Office</p>		160
5	Yasuaki Funatake (November 29, 1956)	<p>Apr. 1980 Joined the Long-Term Credit Bank of Japan, Limited. (Currently, Shinsei Bank, Limited.)</p> <p>Jul. 2001 Manager, Retail Operations Division, Shinsei Bank Limited</p> <p>Dec. 2001 Joined Seven Bank, Ltd.</p>		123

Candidate Number	Name (Date of Birth)	Biography, position and business in charge in our company, and the representation in other juridical people	Number of shares of the Company owned
		<p>Oct. 2002 General Manager of Business Development Division, Seven Bank, Ltd</p> <p>Mar. 2003 General Manager of Business Development Division, Seven Bank, Ltd</p> <p>Jun. 2004 General Manager of Business Development Division, Seven Bank, Ltd</p> <p>May 2006 General Manager of Project Development Division, Seven Bank, Ltd</p> <p>Jun. 2006 Executive Officer and General Manager of Business Development Division, Seven Bank, Ltd</p> <p>Oct. 2006 Executive Officer and General Manager of Business Promotion Division, Seven Bank, Ltd (Present post)</p> <p>[Business in Charge] Business Development Division and Business Promotion Division</p>	

6	Takahide Sakurai (October 30, 1932)	<p>Apr. 1955 Joined The Dai-ichi Mutual Life Insurance Company</p> <p>Jul. 1981 Director and General Manager of Finance Division A, the aforementioned company</p> <p>Apr. 1983 Managing Director and General Manager of Financial Planning Division, the aforementioned company</p> <p>Apr. 1986 Vice President and Representative Director, the aforementioned company</p> <p>Apr. 1987 President and Representative Director, the aforementioned company</p> <p>Apr. 1997 Chairman and Representative Director, the aforementioned company</p> <p>Apr. 2001 Director, Seven Bank, Ltd. (Present post)</p> <p>Jul. 2004 Advisor to The Dai-ichi Mutual Life Insurance Company (Present post)</p>	20
7	Yoji Ohashi (January 21, 1940)	<p>Apr. 1964 Joined All Nippon Airways Co., Ltd.</p> <p>Jun. 1993 Director and General Manager of Narita Airport, the aforementioned company</p> <p>Jun. 1997 Executive Managing Director and General Manager of Human Resource Division, the aforementioned company</p> <p>Jun. 1999 Vice President and Representative Director, the aforementioned company</p> <p>Apr. 2001 President and Representative Director, the aforementioned company</p> <p>Apr. 2005 Chairperson and Representative Director, the aforementioned company</p> <p>Apr. 2007 Chairperson and Director, the aforementioned company (Present post)</p>	None
8	Toshikazu Tamura (January 30, 1940)	<p>Apr. 1962 Joined Nomura Securities Co., Ltd..</p> <p>Nov. 1984 Manager, Accounts Division, Nomura Securities Co., Ltd..</p> <p>Nov. 1986 Manager, Administration Division, Nomura Securities Co., Ltd..</p> <p>Dec. 1987 Manager, Director Planning Division, Japan Associated Finance (now JAFCO)</p> <p>Jun. 1990 Executive Managing Director, the aforementioned company</p> <p>Jun. 1994 Senior Executive Managing Director, the aforementioned company</p> <p>Jun. 1998 Senior Managing Director, JAFCO, Co., Ltd.</p> <p>Jul. 2000 Managing Director, SANNO Institute of Management Visiting Fellow at SANNO University (now the SANNO Institute of Management)</p> <p>Dec. 2001 Professor and Deputy Chancellor, SANNO University</p> <p>Apr. 2002 Library Director, SANNO University Director of Management & Information Faculty, Research School, SANNO University Graduate School</p> <p>Jun. 2005 Professor and Deputy Chancellor, SANNO Junior College (now Jiyugaoka SANNO College)</p> <p>May 2008 Left the post of Managing Director at SANNO Institute of Management</p>	None
		<p>Nov. 1964 Joined Ito-Yokado Co., Ltd.</p> <p>Apr. 1983 Managing Director of the same company</p> <p>May 1985 Senior Managing Director of the same company</p>	

		May 1993 Apr. 2001 May 2003 [Status of representation of other companies] Chairman, Representative Director and Chief Executive Officer of York-Benimaru Co., Ltd.	
10	Tadahiko Ujiie (May 22, 1945)	<p>April 1980 Joined Seven-Eleven Japan Co., Ltd.</p> <p>May 1990 Director, the aforementioned company</p> <p>May 1995 Director, General Manager of Planning Division and concurrently General Manager of Financial Headquarters of the aforementioned company</p> <p>May 1997 Executive Managing Director, the aforementioned company</p> <p>May 2001 Senior Executive Managing Director, the aforementioned company</p> <p>Apr. 2001 Director, Seven Bank, Ltd. (Present post)</p> <p>May 2003 Director, Senior Managing Executive Officer, Seven-Eleven Japan Co., Ltd.</p> <p>Sep. 2005 Director and Chief Financial Officer, the aforementioned company</p> <p>May 2006 Director, Senior Managing Executive Officer and Chief Financial Officer, the aforementioned company (Present post)</p> <p>May 2007 Director, Senior Managing Executive Officer, General Manager of Planning Division and concurrently General Manager of Financial Headquarters, the aforementioned company (Present post)</p> <p>[Status of representation of other companies]</p> <p>President and Representative Director of SE Capital Corporation</p> <p>President and Representative Director of Seven & i Financial Center Co., Ltd.</p> <p>President and Representative Director of Seven & i Financial Group Co., Ltd.</p>	150

Notes

1. Candidate Nobutake Sato serves concurrently as Chairman and Chief Executive Officer of York-Benimaru, a designated business partner with which the Company has concluded agreements on ATM installation and administration services. In addition, Nobutake Sato serves as Deputy Chairman of Ito-Yokado Co., Ltd. (also a designated business partner) and holds directorships on the boards of Robinson Department Store, Seven & i Publishing Co., Ltd., and 7-Eleven, Inc.
2. Candidate Tadahiko Ujiie serves concurrently as Director and Chief Financial Officer of Seven & i Holdings Co., Ltd., a designated business partner of the Company. He is also a director of Seven-Eleven Japan Co., Ltd., President of Seven & i Financial Center Co., Ltd., and President of the Seven & i Financial Group. In addition, Tadahiko Ujiie holds the post of president of SE Capital Corporation, a designated business partner with which the Company has concluded equipment leasing agreements.
3. There are no special interests to report in regards to any of the other candidates.
4. Candidates Takahide Sakurai, Yoji Ohashi, Toshikazu Tamura, Nobutake Sato and Tadahiko Ujiie are standing for the position of part-time (external) director.
5. The reasoning behind their appointment as part-time directors is given below:
 - Takahide Sakurai: The Company currently utilizes his experience and expertise as a director of the Dai-ichi Mutual Life Insurance Company. His appointment as an external director is therefore considered appropriate at this time.
 - Yoji Ohashi: The Company wishes to utilize his experience and expertise as a director of ANA (All Nippon Airways) and therefore seeks his appointment as an external director.
 - Toshikazu Tamura: The Company wishes to utilize his business experience as an underwriter at Nomura Securities Co., Ltd., his experience as a director at JAFCO and his specialist knowledge and expertise as a professor at the SANNO Institute of Management. To this end, the Company seeks his appointment as an external director.
 - Nobutake Sato: The Company currently utilizes his experience as Deputy Chairman of Ito-Yokado Co., Ltd., a major shareholder in the Company. His appointment as an external director is therefore considered appropriate at this time.
 - Tadahiko Ujiie: The Company currently utilizes his experience serving as a director of Seven-Eleven Japan Co., Ltd. (a major shareholder in the Company) as well as of its parent company Seven & i Holdings Co., Ltd.. His appointment as an external director is therefore considered appropriate at this time.
6. Takahide Sakurai, Nobutake Sato and Tadahiko Ujiie currently serve as external directors of the Company, whose terms will reach seven years and three months at the conclusion of the Annual General Meeting of shareholders.
7. In the event of approval of the candidacies of Takahide Sakurai, Yoji Ohashi, Toshikazu Tamura, Nobutake Sato and Tadahiko Ujiie for the position of external director, the Company will conclude contracts with said candidates regarding limitation of liability for compensation as stipulated in Article 423, Section 1 of the Company Law, in accordance with the provisions of Article 427, Section 1 of the Company Law. The limitation of liability under these contracts shall be as specified by law.

Proposal 2: Severance payments in conjunction with abolition of special retirement benefit for directors and statutory auditors

The Board of Directors voted on June 18, 2008 to abolish the executive severance bonus scheme.

In light of this development, the Board wishes to furnish the seven directors (including three external directors) and four auditors currently serving with compensation payments as recognition for their respective contributions through to the date of the conclusion of the Annual General Meeting. The payments will be determined in line with fixed criteria established by the Company.

The determination of the amount and the timing and method of payment shall be determined by the Board of Directors (in the case of payments to directors) and by the statutory auditors themselves through consultation and discussion (in the case of payments to auditors).

The table below lists the directors and statutory auditors eligible for the compensation payment.

Name	Biography	
Takashi Anzai	April 2001-Present	President of Seven Bank, Ltd.,
Masatoshi Wakasugi	April 2001 June 2006-Present	Managing Director of Seven Bank, Ltd. Director, Senior Managing Executive Officer of Seven Bank, Ltd.
Toshiaki Ikeda	April 2001 June 2006-Present	Director of Seven Bank, Ltd. Director, Managing Executive Officer of Seven Bank, Ltd.
Kensuke Futagoishi	June 2004 November 2007-Present	Director of Seven Bank, Ltd. Director, Managing Executive Officer of Seven Bank, Ltd.
Takahide Sakurai	April 2001-Present	Director (Part-time) of Seven Bank, Ltd.
Nobutake Sato	April 2001-Present	Director (Part-time) of Seven Bank, Ltd.
Tadahiko Ujiie	April 2001-Present	Director (Part-time) of Seven Bank, Ltd.
Hideo Tanaka	April 2001-Present	Statutory Auditor of Seven Bank, Ltd.
Masaharu Hino	June 2005-Present	Statutory Auditor (Part-time) of Seven Bank, Ltd.
Sachiko Kishimoto	June 2005-Present	Statutory Auditor (Part-time) of Seven Bank, Ltd.
Masayuki Sato	June 2005-Present	Statutory Auditor (Part-time) of Seven Bank, Ltd.

Note: Takahide Sakurai, Nobutake Sato and Tadahiko Ujiie are external directors.

Proposal 3: Amendment of remuneration levels for directors and auditors

Annual salary remuneration levels for directors and auditors of the Company were set to a maximum of ¥200,000,000 (for directors) and ¥70,000,000 (for auditors) at the fifth scheduled Annual General Meeting of shareholders held on June 16, 2006, and have remained at these levels since. In light of several new developments, including the addition of three new directors (should the First Bill be adopted as presented), the abolition of the executive severance bonus scheme and the impact of public listing on JASDAQ and changes in the general economic environment, it is proposed to increase the maximum annual salary remuneration level for directors to ¥300,000,000 (¥50,000,000 for external directors) and ¥100,000,000 for auditors.

Where a director also serves as an ordinary employee, the director's salary shall be payable independently of the employee salary.

The Company currently has seven directors (including three external directors) and four auditors. Should the First Bill be adopted as presented, there will be ten directors (including five external directors) and four auditors.

Proposal 4: Remuneration in the form of stock options for directors — amount and type

Following the abolition of the executive severance bonus scheme and in light of other pertinent considerations, the Board seeks approval to provide remuneration to directors in the form of stock options up to a maximum value of ¥60,000,000 per annum being in addition to the directors' remuneration described in the Third Bill, in the manner described below.

Directors would be able to claim stock options under a scheme whereby remuneration equivalent to the value paid is granted to directors who are allocated stock options, so that the right of claim to remuneration is offset by the value of the stock options. The value of remuneration in stock options is calculated as the fair and reasonable price per stock option on the date on which allocation takes place, multiplied by the number of stock options allocated.

Should the First Bill be adopted as presented, the number of directors of the Company to which this Bill applies would be five, excluding the external directors.

1. Benefits of stock option remuneration scheme

The Company believes that remuneration to directors through allocation of stock options will encourage directors to appreciate the position of ordinary shareholders with respect to the benefits and risks of share price fluctuations (since the value of the stock options fluctuates in line with the business performance and share price of the Company), and will provide greater incentive for directors to work for the medium to long term interests of the Company in terms of both business performance and corporate value. To this end, the Company will replace the executive severance pay scheme with a stock option remuneration scheme of equivalent monetary value.

2. Details of stock option remuneration scheme

(1) Type and number of shares used as stock options

The number of shares that serve as a single stock option (the "number of target shares") is one normal share in the Company.

The Company may adjust or revise the number of target shares, within reasonable bounds, where required in connection with a stock split, free allotment or splitback.

(2) Total number of stock options

The maximum number of stock options issued within one year of the date of the regular Annual General Meeting of shareholders shall be ¥60,000,000 divided by the fair and reasonable price per stock option as determined by the Black-Scholes Model (which takes into account various conditions such as the share price on the stock option allocation date, the rate of fluctuation in the share price relative to a given standard, and the eligibility period for

exercising the stock options), rounded to the nearest integer.

(3) Value of subscribed assets in connection with stock optioning

Assets generated through stock optioning are ascribed monetary value equal to the payment amount per share when the stock option is exercised (¥1) multiplied by the number of target shares.

(4) Eligibility period for stock optioning

The eligibility period for stock optioning is 30 years from the day following the date of allocation.

(5) Limitations on acquisition of stock options through transfer

Acquisition of stock options through transfer is subject to approval from the Board of Directors.

(6) Conditions on exercising stock options

- (a) Directors with stock options who relinquish their directorship must exercise their stock options within ten days after the date of cessation of directorship.
- (b) In the event of the death of the holder of stock options, the rightful inheritor or heir gains the right to exercise the stock options, subject to the provisions of the agreement described in (c) below.
- (c) All other conditions are as stipulated in the Stock Options Allocation Agreement concluded between the Company and the holder of the stock options, which is determined by the Board of Directors.