



## Financial Results for the Fiscal Year ended March 31, 2008

(Non-Consolidated Data)

May 8, 2008

Company Name: Seven Bank, Ltd.

Stock Code : 8410

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Stock exchange listing: JASDAQ

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Date of the Annual General Meeting of Shareholders (scheduled): June 18, 2008

Payment date of cash dividends (scheduled): June 2, 2008

Filing date of financial report (scheduled): June 19, 2008

Trading accounts: Not established

(Amounts of less than one million yen and one decimal point are rounded down)

### 1. Financial Highlight for Fiscal 2008 (April 1, 2007 - March 31, 2008)

#### (1) Operating Results

(% represents the change from the same period in previous fiscal year)

	Ordinary income		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%
March 31, 2008	83,663	10.9	24,650	(1.4)	13,830	9.1
March 31, 2007	75,427	16.7	25,021	28.9	12,667	19.6

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary expenses to income ratio	Deposit balance
	yen	yen	%	%	million yen
March 31, 2008	11,808/84	—	16.8	70.5	170,548
March 31, 2007	10,736.56	—	17.0	66.8	187,836

(Reference) Equity in net earnings of affiliated companies:

March 31, 2008 —million yen      March 31, 2007—million yen

#### (2) Financial Position

	Total assets	Total net assets	Net assets to total assets ratio (Note1)	Total net assets per common share	Non-consolidated Tier I capital ratio (domestic standard) (Note 2)
	million yen	million yen	%	yen	%
March 31, 2008	488,137	88,974	18.2	72,930 25	(Preliminary) 43.89
March 31, 2007	532,757	73,849	13.8	63,317 15	37.94

Reference: Capital:

March 31, 2008 88,974 million yen      March 31, 2007 73,849 million yen

Note 1: "Net assets to total assets ratio" is calculated as Total net assets at the end of the period / Total assets at the end of the period.

Note 2: Non-consolidated Tier I capital ratio (domestic standard) is calculated according to the formula set to determine whether a bank has adequate capital in light of its assets etc. (Financial Services Agency Notification 19, 2006) pursuant to "Article 14, Paragraph 2 of the Banking Law of Japan".

#### (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the year
	million yen	million yen	million yen	million yen
March 31, 2008	54,523	(43,307)	1,303	267,277
March 31, 2007	39,750	(32,215)	(5,895)	254,757

## 2. Dividends on Common Stock

(Record date)	Dividends per share			Total dividend (Annual)	Dividend payout ratio	Dividend to equity
	Interim	Year end	Annual			
	yen	yen	yen	million yen	%	%
March 31, 2007	—	5,000.00	5,000.00	5,831	46.5	8.4
March 31, 2008	—	4,200.00	4,200.00	5,124	35.5	6.1
March 31, 2009 (Forecasts)	2,100.00	2,100.00	4,200.00		34.3	

## 3. Performance forecasts for fiscal 2009 (April 1, 2008 - March 31, 2009)

(% represents the change from the same period in the previous fiscal year)

	Ordinary income		Ordinary profit		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	yen
September 30, 2008	44,000	6.9	12,800	8.8	7,600	22.0	6,229.50
March 31, 2009	89,200	6.6	25,300	2.6	14,900	7.7	12,213.11

## 4. Others

### (1) Changes in significant accounting policies

- (a) Changes arising from revised accounting standards etc.: yes
- (b) Changes other than (a) above: none

Note: For the details, please refer to "Changes in accounting policies" on pages 15-16.

### (2) Number of outstanding shares (common stock)

- (a) Number of shares in issue at the end of the period (including treasury stock)  
FY2007 1,220,000 shares FY2006 1,220,000 shares
- (b) Number of treasury stock at the end of the period  
FY2007 -shares FY2006 53,650 shares

Note: Please refer to "Per share information" on page 20 for the number of shares used in computing net income per share.

### ※ Cautionary statement with respect to earnings forecasts, and disclaimer

This report contains earnings projections and other forward-looking statements which are based on currently available information and certain assumptions that the company considers to be reasonable. Various factors may cause actual results to be materially different from projections in these forward-looking statements.

### Reference: Formulae used to calculate indicators

- Ordinary expenses to income ratio

$$\frac{\text{Ordinary expenses}}{\text{Ordinary income}}$$

- Return on equity

$$\frac{\text{Net income}}{\text{Daily average total stockholders equity}}$$

- Dividend payout ratio

$$\frac{\text{Dividend per share}}{\text{Earnings per share}}$$

- Dividend to equity

$$\frac{\text{Dividend per share}}{(\text{Net assets per share at the beginning of the period} + \text{Net assets per share at the end of the period}) \div 2}$$

- Projected net income per share

$$\frac{\text{Projected net income}}{\text{Total number of outstanding shares at the end of the period}}$$

# **1. Operating results**

## **(1) Analysis of operating results**

### **1. Summary of FY2007**

Japan's economic growth is slowing, mainly due to the effects of high energy and material prices. Corporate profits have been leveling 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 subprime 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.

Under these conditions, 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 FY2007 (financial year ending March 2008).

Ordinary income rose thanks to solid ATM usage frequency. On the other hand, the change from leasing ATMs to outright purchase by Seven Bank (hereafter "the Company") 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 Jasdq Securities Exchange on 29 February 2008.

We provide a summary of conditions by business segment below.

### **1) Automated Teller Machine (ATM) services**

#### **(Status of partnerships)**

Seven Bank established partnerships with Banco do Brazil (April 2007), The Kiyoo 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 (Note 1), 122 credit cooperatives (Note 2), 13 labour banks, 1 JA bank, 1 JF Marine bank, 8 securities companies, 8 life insurance companies, and 49 other financial institutions.

Note 1: There were 263 partner shinkin banks at the end of March 2007. The subsequent creation of additional partnerships and mergers left 260 partner shinkin banks at the end of March 2008.

Note 2: There were 124 partner credit cooperatives at the end of March 2007. Subsequent mergers left 122 partner credit cooperatives banks at the end of March 2008.

#### **(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 machines 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 (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 visually 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.

## **2. Outlook for FY2008**

In FY2008 (financial year ending March 2009) we will work to enhance our business foundations still further both in the ATM business and in the financial services business.

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 visually 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 unions, 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. The Company estimates that such initiatives will increase the number of ATMs to around 14,000 by the end of March 2009. It also projects total ATM usage of about 544 million times (up 46 million access times year-on-year) in financial-year 2008, with average daily usage per ATM of about 112 times (up 3.0 access times year-on-year) over the period.

Turning next to the financial services business, the Company aims to expand its agency and intermediary services to reflect customers' needs via its staffed "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 staffed branches 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.

Accordingly, the Company projects FY2008 ordinary income of 89.2 billion yen (up 6.6% year-on-year), ordinary profit of 25.3 billion yen (up 2.6% year-on-year), and net income of 14.9 billion yen (up 7.7% year-on-year).

The Company has broadly concluded the process of adding to partner financial institutions and expanding into new regions, so the pace of growth in ATMs and in ATM usage instances will slow. On the other hand, the burden of ATM depreciation of fixed assets is expected to peak in FY2008, so although year-on-year profit growth will ease, the Company will work to maintain steady profit expansion.

## (2) Analysis of financial position

### 1. Status of assets, liabilities, and net assets

#### 1) 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 foreign 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.

#### 2) Liabilities

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.

#### 3) Net assets

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 stockmarket listing. Note that the non-consolidated Tier I capital ratio (domestic standard) was 43.89% (preliminary figure).

### 2. Status of cashflow

Cash and cash equivalents in the period increased by 12,519 million yen from the end of the previous financial year to 267,277 million yen. The status of cashflow in each category and variance factors are as follows.

#### 1) Cashflow from operating activities

Net income before tax was 23,343 million yen, while depreciation of fixed assets increased to 11,491 million yen, and adding in other factors cash generated by operating activities was 54,523 million yen (up 14,772 million yen year-on-year).

#### 2) Cashflow from investing activities

Cash used in investing activities was 43,307 million yen (up 11,091 million yen year-on-year), mainly because ATM purchases and other outlays on tangible fixed assets increased to 14,890 million yen.

### **3) Cashflow from financing activities**

Despite dividend payment of 5,831 million yen, cash generated by financing activities was 1,303 million yen (up 7,198 million yen year-on-year) mainly because of 7,134 million yen in receipts from the sale of treasury stock and other items associated with the stockmarket listing.

### **(3) Basic policy on profit distribution and dividends in financial-year 2007 and 2008**

The Company regards returning profits to shareholders as an important initiative in its operations. The Company's basic policy on distributing retained earnings at the end of the financial period as far as returning profits fairly to shareholders is concerned is to work towards making sustained, stable distributions in cash while taking into account the balance with retaining earnings within the Company, and our annual dividend payout ratio target is 35%.

The Company is due to pay a dividend of 4,200 yen per share for FY2007. In FY2008 it is due to pay an interim dividend of 2,100 yen and a term-end dividend of 2,100 yen, to give an annual dividend payment of 4,200 yen.

## **2. Company status**

There have been no material changes from the Business Overview (business portfolio details) and Status of Related Companies in the financial report (submitted on 22 January 2008), and we omit disclosure of these.

## **3. Management policies**

### **(1) Basic management policies**

#### **1. Management ethos**

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

#### **2. Basic management policy**

The Company is working to offer safe, accurate, and rapid banking services deeply embedded in customers' daily lives, acting as an instant wallet. We aim to achieve this by creating a network of ATMs accessible 24 hours a day 365 days a year, leveraging the 12,000-plus stores of Seven & i Holdings' related companies, led by Seven-Eleven.

The Company operates under an ethos of co-existence and co-prosperity by encouraging other financial institutions to make use of our easily accessible ATMs, thereby enhancing services for customers and leading to improved business efficiency.

Further, by offering financial services sought by Seven & i Holdings' customers, we are working to attract a wider range of customers to more stores, thereby pursuing the synergy inherent in enhancing Seven & i Holdings' earnings power.

### **(2) Targeted management indicators**

The Company emphasizes net income as the measure used to maximize corporate value over the medium-to long-term, and aims to maintain consistent, steady growth in net income. Other measure the Company focuses on include average transaction per day per ATM, Return on ATM cash (Note) and overheads ratio.

Note: Return on ATM cash is calculated as follows : $(\text{ATM related fee income} - \text{cost of capital} - \text{ATM placement fee expense} - \text{general and administrative expenses}) \div \text{daily average balance of cash and due from banks}$

### **(3) Medium- to long-term management strategies**

We will build a structure capable of delivering sustainable growth by working to expand our business franchise further in both the ATM services business and the financial services business, creating a broad-based earnings structure.

In the ATM services business, the Company will maintain efforts to forge new partnerships and extend its ATM network, including by seeking to enter into agreements to handle all aspects of ATM operation and management on behalf of other financial institutions, and to install ATMs in stores outside the Seven & i Holdings group. The Company will also work to safe operation of its ATMs and to strengthen security for customers to allow them to access ATM network with greater ease and peace of mind, reliably and consistently fulfilling the social duties required of the Company as an infrastructure provider.

In the financial services business, the Company will work to extend its business partnerships and products and services as it seeks to further strengthen its agency and intermediary services. The Company will also actively seek to expand new business opportunities, using the relationships forged with its partner financial institutions in the ATM services business and by leveraging Seven & i Holdings' business infrastructure and customer base.

#### **(4) 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. Specific initiatives to this end are set out in the section titled "2. Outlook for fiscal year 2008" (pages 4-5), but 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.

#### **(5) State of implementation and operation of internal control structure**

The Company submits "Reports on Corporate Governance" to the Jasdq Stock Exchange. Please refer to these for details about the state of implementation and operation of the internal control structure.

#### **(6) Other material factors affecting the Company's management**

Not applicable.

## **4. Non-consolidated financial statement**

(Note) Amounts of less than one million yen are rounded down.

(1) Non-consolidated balance sheets (as of March 31, 2008)

(Millions of yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
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
Derivates 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	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

## (2) Statement of Income (April 1, 2007-March 31, 2008)

(in millions of yen)

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

## (3) Statement of changes in net assets (April 1, 2007-March 31, 2008)

(Millions of yen)

	Stockholders' equity					Treasury stock	Total stockholders' equity
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		
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 shareholders' equity				—			—
Total change of 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 shareholders' equity	(8)	(8)	(8)
Total change of items during the period	(8)	(8)	15,124
Balance on March 31, 2008	(19)	(19)	88,974

## (4) Statements of Cash Flows (April 1, 2007-March 31, 2008)

(Millions of yen)

Category	Amount
<b>I Cash flows from operating activities</b>	
Income before income taxes	23,343
Depreciation of fixed assets	11,491
Net change in allowance for credit losses	(3)
Net change in reserve for losses on cancellation of leases	(982)
Net change in reserve for losses on relocation of business establishment	(87)
Interest income	(893)
Interest expenses	2,746
Net losses on securities transactions	118
Net losses on disposal of fixed assets	99
Net change in deposits	(17,287)
Net change in negotiable certificates of deposits	(38,710)
Net change in call loans	66,500
Net change in call money	1,700
Net change in ATM-related temporary accounts	21,585
Interest received	651
Interest paid	(2,695)
Other-net	(625)
Subtotal	66,949
Income taxes paid	(12,426)
<b>Net cash flows from operating activities</b>	<b>54,523</b>
<b>II Cash flows from investing activities</b>	
Purchases of securities	(434,594)
Proceeds from maturity of securities	412,500
Purchase of tangible fixed assets	(14,890)
Purchase of intangible fixed assets	(6,322)
<b>Net cash flows from investing activities</b>	<b>(43,307)</b>
<b>III Cash flows from financing activities</b>	
Proceeds from disposal of treasury stock	7,134
Dividends paid	(5,831)
<b>Net cash from financing activities</b>	<b>1,303</b>
<b>IV Effect of exchange rate change in cash and cash equivalents</b>	<b>—</b>
<b>V Net increase in cash and cash equivalents</b>	<b>12,519</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>254,757</b>
<b>VII Cash and cash equivalents at the end of the year</b>	<b>267,277</b>

## 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.

## 10. Scope of cash in statements of cash flow

Cash and cash equivalents on the statements of cash flow represent "Cash and due from banks" on the balance sheet.

## 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 ending 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.

5. Total monetary claims due from related companies: 58 million yen

6. Total monetary obligations due to related subsidiaries: 46,667 million yen

7. The Company has loan commitment contracts with four creditor banks. The unused balance of commitments based on these contracts at the end of the period was as follows.

Total loan commitment	15,000 million yen
Amount borrowed	—
Net amount	15,000 million yen

8. 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 retained earnings reserves.

The Company’s capital reserve is greater than its common stock, so it did not account any retained earnings 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 shareholders' 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	Retained earnings	4,200 yen	March 31, 2008	June 2, 2008

4. The breakdown of the "Other retained earnings" 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
Retained earnings brought forward	18,756 million yen	7,998 million yen	26,755 million yen

(Notes to statements of cash flow)

1. Reconciliation between the balance of cash and cash equivalents at the end of the fiscal year and balance sheet items are as follows:

Cash and due from banks	<u>267,277 million yen</u>
Cash and cash equivalents	<u>267,277 million yen</u>

(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. Other 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. Other 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)
Other 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 other 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

(Unrealized gains/losses on other securities)

- Net unrealized losses on other securities (As of March 31, 2008)

The breakdown of unrealized gains/losses on other securities accounted in the balance sheets is as follows.

	Amount (million yen)
Unrealized gains (losses)	(33)
Available-for-sale securities	(33)
(+) Deferred tax assets	13
Net unrealized losses on other securities	(19)

(Fair value of Derivative Transactions)

1. Interest rate related transactions (As of March 31, 2008)

Category	Item	Contract amounts (million yen)	Contract amounts over one year (million yen)	Market Value (million yen)	Gains( losses) from valuation (million yen)
OTC	Interest rate swaps	35,000	—	76	76
	Receivable floating rate/Payable fixed rate	35,000	—	76	76
	Total	—	—	76	76

(Note)1. Market value accounting is adopted for the above transactions, and unrealized gains/losses are accounted on the Statements of Income.

Pursuant to “The Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” Report No. 24 issued by JICPA, derivative transactions subject to hedge accounting are excluded from the above.

2. Market value calculation

Market value is calculated using net present value and others.

2. Currency derivatives (As of March 31, 2008)

Not applicable

3. Stock derivatives (As of March 31, 2008)

Not applicable

4. Bond derivatives (As of March 31, 2008)

Not applicable

5. Commodity derivatives (As of March 31, 2008)

Not applicable

6. Credit derivatives transactions (As of March 31, 2008)

Not applicable

(Stock options etc.)

Not applicable

(Per share information)

		FY2006 (April 1, 2006 – March 31, 2007)	FY2007 (April 1, 2007 – March 31, 2008)
Net assets per share	yen	63,317.15	72,930.25
Net income per share	yen	10,736.56	11,808.84
Diluted net income per share	yen	—	—

Note 1: Earnings per share is calculated based on the following:

		FY2006 (April 1, 2006 – March 31, 2007)	FY2007 (April 1, 2007 – March 31, 2008)
Earnings per share	yen	10,736.56	11,808.84
Net income	million yen	12,667	13,830
Amount not attributable to common stock holders	million yen	—	—
Net income attributable to common stock	million yen	12,667	13,830
Average number of common stocks during the period	thousand shares	1,179	1,171

Note 2: Earnings per share (diluted) is not stated as there is no potential equity dilution.

(Subsequent events of importance)

Not applicable

(Other notes etc.)

Notes to “lease transactions”, “related party transactions”, “deferred tax accounting “and “employees’ retirement benefits” are not presented here because they have no material impact.

## (5) Comparative balance sheets (Major components)

(in millions of yen)

Category	FY2006 (A) (March 31, 2007)	FY2007 (B) (March 31, 2008)	Increase (Decrease) ( B - A )
<b>(Assets)</b>			
Cash and due from banks	254,757	267,277	12,519
Call loans	94,500	28,000	(66,500)
Securities	78,338	97,849	19,510
Prepaid pension cost	84	118	34
Accrued income	6,562	7,246	684
ATM-related temporary payments	72,783	53,280	(19,502)
Other assets	954	1,051	97
Tangible fixed assets	9,024	17,212	8,187
Intangible fixed assets	13,677	14,794	1,117
Deferred tax assets	2,145	1,373	(771)
Allowance for credit losses	(70)	(67)	3
<b>Total assets</b>	<b>532,757</b>	<b>488,137</b>	<b>(44,619)</b>
<b>(Liabilities)</b>			
Deposits	187,836	170,548	(17,287)
Negotiable certificates of deposits	87,300	48,590	(38,710)
Call money	—	1,700	1,700
Borrowed money	65,000	65,000	—
Bonds	75,000	75,000	—
ATM-related temporary advances	19,155	21,238	2,082
Other liabilities	21,785	15,240	(6,544)
Reserve for bonuses	199	245	45
Reserve for retirement benefits for directors and statutory auditors	231	270	39
Reserve for losses on cancellation of leases	2,310	1,328	(982)
Reserve for losses on relocation of business establishment	87	—	(87)
<b>Total liabilities</b>	<b>458,907</b>	<b>399,162</b>	<b>(59,744)</b>
<b>(Net assets)</b>			
Common stock	30,500	30,500	—
Capital surplus	30,505	31,739	1,233
Capital reserve	30,500	30,500	—
Other capital surplus	5	1,239	1,233
Retained earnings	18,756	26,755	7,998
Other retained earnings	18,756	26,755	7,998
Retained earnings brought forward	18,756	26,755	7,998
Treasury stock	(5,901)	—	5,901
Total shareholders' equity	73,861	88,994	15,133
Net unrealized losses on securities, net of taxes	(11)	(19)	(8)
Total valuation and translation adjustments	(11)	(19)	(8)
<b>Total net assets</b>	<b>73,849</b>	<b>88,974</b>	<b>15,124</b>
<b>Total liabilities and net assets</b>	<b>532,757</b>	<b>488,137</b>	<b>(44,619)</b>

## (6) Comparative statement of income (Major components)

(in millions of yen)

Category	FY2006 (A) (April 1, 2006- March 31, 2007)	FY2007 (B) (April 1, 2007- March 31, 2008)	Increase (Decrease) ( B - A )
<b>Ordinary income</b>	75,427	83,663	8,235
Interest income	422	893	471
Interest and dividends on securities	284	532	247
Fees and commissions income	74,875	82,471	7,596
ATM-related fee income	73,124	80,192	7,067
Other operating income	—	23	23
Other ordinary income	129	273	143
<b>Ordinary expenses</b>	50,405	59,012	8,607
Interest expenses	1,534	2,746	1,211
Interest on deposits	224	432	207
Fees and commissions expenses	6,491	8,328	1,837
ATM placement fee expenses	6,150	7,796	1,645
ATM-related fee expenses	158	306	148
Other operating expenses	653	126	(527)
General and administrative expenses	41,574	47,379	5,804
Other ordinary expenses	151	432	281
<b>Ordinary profit</b>	25,021	24,650	(371)
<b>Extraordinary profit</b>	—	3	3
<b>Extraordinary losses</b>	4,012	1,310	(2,702)
<b>Income before income taxes</b>	21,009	23,343	2,334
<b>Current income taxes</b>	9,564	8,736	(828)
<b>Deferred income taxes</b>	(1,223)	777	2,000
<b>Net income</b>	12,667	13,830	1,162

## (7) Comparative statements of net assets

Fiscal year 2006 (April 2006 - March 31, 2007)

(in millions of yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized losses on available-for-sale securities, net of taxes	Total valuation and translation adjustments	
Balance as of March 31, 2006	61,000	—	6,089	—	67,089	(8)	(8)	67,080
Change during the fiscal year								
Transfer from Common stock to capital surplus	(30,500)	30,500			—		—	—
Net income			12,667		12,667		—	12,667
Acquisition of treasury stock				(5,940)	(5,940)		—	(5,940)
Disposal of treasury stock		5		38	44		—	44
Net change in items other than shareholders' equity					—	(2)	(2)	(2)
Total change in items during the fiscal year	(30,500)	30,505	12,667	(5,901)	6,772	(2)	(2)	6,769
Balance as of March 31, 2007	30,500	30,505	18,756	(5,901)	73,861	(11)	(11)	73,849

Fiscal year 2007 (April 2007 - March 31, 2008)

(in millions of yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized losses on available-for-sale securities, net of taxes	Total valuation and translation adjustments	
Balance as of March 31, 2007	30,500	30,505	18,756	(5,901)	73,861	(11)	(11)	73,849
Change during the fiscal year								
Dividends from retained earnings			(5,831)		(5,831)		—	(5,831)
Net income			13,830		13,830		—	13,830
Disposal of treasury stock		1,233		5,901	7,134		—	7,134
Net change in items other than shareholders' equity					—	(8)	(8)	(8)
Total change in items during the fiscal year	—	1,233	7,998	5,901	15,133	(8)	(8)	15,124
Balance as of March 31, 2008	30,500	31,739	26,755	—	88,994	(19)	(19)	88,974

## (8) Comparative cash-flow statements

(in millions of yen)

Category	FY2006 (A) (April 1, 2006- March 31, 2007)	FY2007 (B) (April 1, 2007- March 31, 2008)	Increase (Decrease) (B - A)
<b>I. Cash flows from operating activities</b>			
Income before income taxes	21,009	23,343	2,334
Depreciation of fixed assets	5,412	11,491	6,078
Net change in allowance for credit losses	25	(3)	(28)
Net change in reserve for losses on cancellation of leases	2,310	(982)	(3,292)
Net change in reserve for losses on relocation of business establishment	87	(87)	(175)
Interest income	(422)	(893)	(471)
Interest expenses	1,534	2,746	1,211
Net losses on securities transactions	105	118	13
Net losses on disposal of fixed assets	77	99	21
Net change in deposits	6,065	(17,287)	(23,353)
Net change in negotiable certificates of deposits	72,190	(38,710)	(110,900)
Net change in call loans	(94,500)	66,500	161,000
Net change in call money	—	1,700	1,700
Net change in issuance and repayment of straight bonds	60,000	—	(60,000)
Net change in ATM-related temporary accounts	(27,332)	21,585	48,917
Interest received	418	651	232
Interest paid	(1,144)	(2,695)	(1,550)
Other-net	(302)	(625)	(322)
Subtotal	45,535	66,949	21,414
Income taxes paid	(5,784)	(12,426)	(6,641)
<b>Net cash provided by operating activities</b>	<b>39,750</b>	<b>54,523</b>	<b>14,772</b>
<b>II. Cash flows from investing activities</b>			
Purchase of securities	(162,178)	(434,594)	(272,415)
Proceeds from maturity of securities	145,500	412,500	267,000
Purchase of tangible fixed assets	(10,178)	(14,890)	(4,712)
Purchase of intangible fixed assets	(5,358)	(6,322)	(963)
<b>Net cash provided by investing activities</b>	<b>(32,215)</b>	<b>(43,307)</b>	<b>(11,091)</b>
<b>III. Cash flows from financing activities</b>			
Purchase of treasury stock	(5,940)	—	5,940
Proceeds from disposables of treasury stock	44	7,134	7,090
Dividends paid	—	(5,831)	(5,831)
<b>Net cash flows from in financing activities</b>	<b>(5,895)</b>	<b>1,303</b>	<b>7,198</b>
IV. Effect of exchange rate change in cash and cash equivalents	—	—	—
V. Net increase in cash and cash equivalents	1,640	12,519	10,879
VI. Cash and cash equivalents at the beginning of the period	253,117	254,757	1,640
VII. Cash and cash equivalents at the end of the period	254,757	267,277	12,519

To All Shareholders:

Company Name: Seven Bank, Ltd.

President: Takashi Anzai

(Stock Code : 8410)

Inquiries: Director, Managing Executive Officer and

General Manager of the Planning Division, Kensuke Futagoishi

(TEL : 03-3211-3041)

## Changes in the Board of Directors

Please be advised that Seven Bank, Ltd. decided to make the following changes in Directors at the Board of Directors held on May 8, 2008. Please note that these changes are subject to ratification at the Annual General Meeting of Shareholders due to be held on June 18, 2008.

### Note

#### (1) Changes in the Board of Directors

##### Changes in Directors (As of June 18, 2008)

###### ① Changes in Representative Director

None

###### ② Changes other Directors

###### ○ Candidates as new Directors

Director Yasuaki Funatake

(Current position: Executive Officer, Business Promotion Division)

Director Yoji Ohashi

(Current position: Chairman of the Board, All Nippon Airways Co., Ltd.)

Director Toshikazu Tamura

(Current position: Executive Director, The Sanno Institute of Management)

Note: Candidates for new Directors, Mr. Yoji Ohashi and Mr. Toshikazu Tamura, satisfy the required conditions for External Directors provided for in Article 2-15 of the Company Act.

End