

# Financial Results for the First Quarter of the Fiscal 2007(Non-Consolidated Date)

August 3, 2007

Company Name: Seven Bank, Ltd.

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

Representative: Takashi Anzai, President

For inquiries: Director, Executive Officer and General Manager of Planning Division,

Kensuke Futagoishi

Telephone:+81-3-3211-3041

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

## 1. Financial Highlight for the First Quarter of Fiscal 2007 (April 1,2007 - June 30, 2007)

### (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	%
Three months ended <b>June 30, 2007</b>	20,143	11.3	5,579	( 1.6 )	3,027	( 11.3 )
<b>June 30, 2006</b>	18,093	22.0	5,672	43.8	3,414	46.3
FY ended Mar.31, 2007	75,427	16.7	25,021	28.9	12,667	19.6

	Net Income per Share	Diluted Net Income per Share
	yen	yen
Three months ended <b>June 30, 2007</b>	2,595. 71	—
<b>June 30, 2006</b>	2,798. 43	—
FY ended Mar.31, 2007	10,736. 56	—

### (2) Financial Conditions

	Total Assets	Net Assets	Net Assets to Total Assets Ratio (Note)	Net Assets per Share
	million yen	million yen	%	yen
As of <b>June 30, 2007</b>	546,633	71,049	12.9	60,916. 34
<b>June 30, 2006</b>	395,083	70,484	17.8	57,774. 33
FY ended Mar.31, 2007	532,757	73,849	13.8	63,317. 15

(Note) "Net assets to total assets ratio" is computed by Net Assets at the end of the period / Total Assets at the end of the period.

### (3) Cash flow Status

	Cash from Operating Activities	Cash from Investing Activities	Cash from Financing Activities	Balance of Cash and Cash equivalents
	million yen	million yen	million yen	million yen
Three months ended <b>June 30, 2007</b>	2,730	(12)	(5,831)	251,644
<b>June 30, 2006</b>	19,953	(2,973)	—	270,097
FY ended Mar.31, 2007	39,750	(32,215)	(5,895)	254,757

## 2. Dividends on Common Stock

	Dividends per Share
	End of Quarter
Three months ended <b>June 30, 2007</b>	yen —
<b>June 30, 2006</b>	—

### 3. Earnings forecasts for the fiscal year ending March 31, 2008 (April 1,2007~March 31, 2008)

(Reference)

Unchanged from the earnings forecasts announced on May 11, 2007

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

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	Yen
<b>Semi-annual</b>	40,400	8.5	10,700	(17.1 )	6,400	14.9	5,487. 20
<b>Annual</b>	83,200	10.3	24,100	(3.6 )	13,800	8.9	11,831. 78

※ Earnings forecasts mentioned above are made by the company based upon currently available information. Due to various factors, actual earnings may result in material differences from the figures in the forecasts.

### 4. Other

(1) Adoption of simplified accounting methods : Adopted

Accounting standards for reserves are stated partially under simplified accounting methods.

(2) Changes in accounting policies during the period: None

(3) Audit by part-time auditors : None

# **Overview of the three months ended June 30, 2007** (from April 1, 2007 to June 30, 2007)

## **【Automated Teller Machine (ATM) Services】**

As of the end of June, a total of 546<sup>(note)</sup> financial institutions became correspondent financial institutions of the Bank, including Banco do Brazil. 12,145 ATMs had been installed in 33 of Japan's prefectures as of the end of June.

We have now completed installing an additional 1,000 units or so of the second generation ATMs in Ibaraki, Shiga, and Kyoto Prefectures. This brought the total number of second generation ATMs in place to approximately 7,100 units, including those already installed in prefectures including Aomori, Iwate, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Osaka, Hyogo, and Nara prefectures.

[Note] JA Bank and JF Marine Bank are considered to be one from the standpoint of business category.

## **【Seven Bank Deposit Accounts】**

As of the end of June, there were 497,000 individual account holders (up 31,000 compared to end of March) and the deposit balance reached 77.6 billion yen (up 5.5 billion yen compared to the end of March). This breaks down as ordinary deposits of 60.4 billion yen (up 2.5 billion yen compared to the end of March) and time deposits of 17.2 billion yen (up 3.1 billion yen compared to the end of March).

## **Main topics**

### **① Commenced total ATM operation & management service at Nomura Securities' retail branches**

Seven Bank has started to install ATMs at Nomura Securities branches since June as the first step of total ATM operation & management service. About 300 ATMs will be installed in stages at Nomura Securities' main and regional branches in 47 prefectures in Japan. We will step up our efforts to increase access for our customers and to lessen the burden of ATM operational management for our partner financial institutions and others, leveraging the expertise we have acquired from running the ATM business.

### **② Opened "Everyone's Money Site"**

In June, we opened a "Everyone's Money Site" on our website, in which users can search for information and compare financial products offered by multiple financial institutions and others, confirm product details, request brochures, and make provisional applications, etc. We will further develop our product range and business tie-ups to meet customers' needs correctly while establishing a new business as a financial retailer by providing a one-stop financial service on the internet.

③ Enhanced IC card network

A further five banks and four business subsectors — shinkin bank, credit unions, labor banks and JA bank — have commenced services compatible with IC cards on ATMs. As a result, 32 banks and five business subsectors were compatible with IC cards as of the end of June.

④ Seven Cash Works Co. Created

In a bid to meet cash demand from as many as 3.4 million or so general businesses, such as small and midsized retail stores and caterers in Japan, Seven Cash Works Co. was created to provide new financial services, delivering coins and bank-notes for use as change, and providing unique small-change exchange machines. The new firm was formed in June along with Seven & i Holdings Co. and Toyota Financial Services Corp. and plans to roll out services steadily from this autumn.

## Non-consolidated financial statements

(1) (Summary) Non-consolidated balance sheets

(in millions of yens)

Category	As of June 30, 2006 (A)	As of June 30, 2007 (B)	Increase(Decrease) (B) – (A)	(Reference) As of Mar.31, 2007
<b>( A s s e t s )</b>				
Cash and due from banks	270,097	251,644	(18,452)	254,757
Call loans	—	93,100	93,100	94,500
Securities	53,542	64,721	11,179	78,338
Prepaid pension cost	67	92	24	84
Accrued income	6,444	7,291	847	6,562
ATM-related temporary payments	49,748	100,439	50,691	72,783
Other assets	805	1,203	397	954
Tangible fixed assets	2,467	11,900	9,433	9,024
Intangible fixed assets	11,204	14,576	3,371	13,677
Deferred tax assets	762	1,776	1,013	2,145
Allowance for credit losses	(55)	(112)	(57)	(70)
<b>Total assets</b>	<b>395,083</b>	<b>546,633</b>	<b>151,550</b>	<b>532,757</b>
<b>( L i a b i l i t i e s )</b>				
Deposits	190,957	202,624	11,667	187,836
Negotiable Certificates of deposits	15,110	94,300	79,190	87,300
Call money	20,000	—	(20,000)	—
Borrowed money	65,000	65,000	—	65,000
Bonds	15,000	75,000	60,000	75,000
ATM-related temporary advances	12,151	26,644	14,492	19,155
Other liabilities	5,900	9,015	3,114	21,785
Reserve for employees' bonuses	279	383	103	199
Reserve for retirement benefits for directors and statutory auditors	199	217	18	231
Reserve for losses on cancellation of leases	—	2,310	2,310	2,310
Reserve for losses on relocation of business	—	87	87	87
<b>Total liabilities</b>	<b>324,598</b>	<b>475,583</b>	<b>150,985</b>	<b>458,907</b>
<b>( N e t a s s e t s )</b>				
Capital stock	61,000	30,500	(30,500)	30,500
Capital surplus	—	30,505	30,505	30,505
Retained earnings	9,503	15,952	6,449	18,756
Treasury stock	—	(5,901)	(5,901)	(5,901)
Total shareholders' equity	70,503	71,057	553	73,861
Net unrealized gains(losses) on available-for-sale securities, net of taxes	(18)	(7)	11	(11)
Total valuation and translation adjustments	(18)	(7)	11	(11)
<b>Total net assets</b>	<b>70,484</b>	<b>71,049</b>	<b>565</b>	<b>73,849</b>
<b>Total liabilities and net assets</b>	<b>395,083</b>	<b>546,633</b>	<b>151,550</b>	<b>532,757</b>

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

## (2) (Summary) Non-consolidated Statements of Income

(in millions of yens)

Category	For the three months ended June 30, 2006 (A)	For the three months ended June 30, 2007 (B)	Increase(Decrease) (B) – (A)	(Reference) For the fiscal year ended Mar.31, 2007
<b>Ordinary Income</b>	18,093	20,143	2,050	75,427
Interest income	40	190	150	422
(Interest and dividends on securities)	( 39)	( 76)	( 36)	( 284)
Fee and commission income	18,041	19,800	1,759	74,875
(ATM-related fee income)	( 17,538)	( 19,396)	( 1,857)	( 73,124)
Other business income	—	70	70	—
Other ordinary income	12	81	69	129
<b>Ordinary expenses</b>	12,421	14,564	2,143	50,405
Interest expenses	224	665	441	1,534
(Interest on deposits)	( 17)	( 96)	( 78)	( 224)
Fee and commission expenses	1,376	1,983	606	6,491
(ATM placement fee expenses)	( 1,294)	( 1,869)	( 575)	( 6,150)
(ATM-related fee expenses)	( 37)	( 59)	( 21)	( 158)
Other business expenses	101	—	(101)	653
General and administrative expenses	10,640	11,844	1,204	41,574
Other ordinary expenses	78	71	(6)	151
<b>Ordinary profit</b>	5,672	5,579	(93)	25,021
<b>Extraordinary losses</b>	243	454	210	4,012
<b>Income before income taxes</b>	5,428	5,124	(304)	21,009
<b>Income taxes-current</b>	1,850	1,730	(119)	9,564
<b>Income taxes-deferred</b>	164	366	201	(1,223)
<b>Net income</b>	3,414	3,027	(386)	12,667

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

## (3) (Summary) Non-consolidated Statement of Changes in Net Assets

From April 1, 2006 to June 30, 2006

(in millions of yens)

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Capital stock	Retained earnings Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities, net of taxes	Total valuation and translation adjustments	
Balances as of March 31, 2006	61,000	6,089	67,089	(8)	(8)	67,080
Changes during the period						
Net income		3,414	3,414		—	3,414
Net changes in items other than shareholders' equity			—	(10)	(10)	(10)
Total changes during the period	—	3,414	3,414	(10)	(10)	3,403
Balance as of June 30, 2006	61,000	9,503	70,503	(18)	(18)	70,484

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

From April 1, 2007 to June 30, 2007

(in millions of yens)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' Equity	Net unrealized gains (losses) on other 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
Changes during the period								
Dividends from retained earnings			(5,831)		(5,831)		—	(5,831)
Net income			3,027		3,027		—	3,027
Net changes in items other than shareholders' equity					—	4	4	4
Total changes during the period	—	—	(2,804)	—	(2,804)	4	4	(2,800)
Balance as of June 30, 2007	30,500	30,505	15,952	(5,901)	71,057	(7)	(7)	71,049

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

(Reference) From April 1, 2006 to March 31, 2007

(in millions of yens)

	Shareholder' equity					Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other 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
Changes during the period								
Transfer to capital reserve from capital stock	(30,500)	30,500			—		—	—
Net income			12,667		12,667		—	12,667
Purchase of treasury stock				(5,940)	(5,940)		—	(5,940)
Disposal of treasury stock		5		38	44		—	44
Net changes in items other than shareholders' equity					—	(2)	(2)	(2)
Total changes during the period	(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

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



## (4) Statement of Cash Flows

(in millions of yens)

Category	For the three months ended June 30, 2006 (A)	For the three months ended June 30, 2007 (B)	Increase(Decrease (B) — (A))	(Reference) For the fiscal year ended Mar.31, 2007
□ Cash flows from operating activities				
Income before income taxes	5,428	5,124	(304)	21,009
Depreciation and amortization	1,034	2,003	969	5,412
Net changes in allowance for possible credit losses	10	42	31	25
Net changes in reserve for losses on cancellation of leases(loss)	—	—	—	2,310
Net changes in reserve for losses on relocation of business establishment (loss)	—	—	—	87
Interest income	(40)	(190)	(150)	(422)
Interest expenses	224	665	441	1,534
Net gains losses on securities transactions (loss)	29	—	(29)	105
Net gains losses on disposal of fixed assets (loss)	—	38	38	77
Net change in deposits (loss)	9,186	14,787	5,601	6,065
Net change in negotiable certificates of deposits	—	7,000	7,000	72,190
Net change in call loans and others	—	1,400	1,400	(94,500)
Net change in call money and others (loss)	20,000	—	(20,000)	—
Proceeds from issuance and maturity of ordinary bonds (loss)	—	—	—	60,000
Net changes in ATM related temporary accounts (loss)	(11,301)	(20,168)	(8,866)	(27,332)
Interest received	78	211	132	418
Interest paid	(333)	(946)	(613)	(1,144)
Other-net	(493)	413	907	(302)
Subtotal	23,823	10,381	(13,441)	45,535
Income taxes paid	(3,870)	(7,650)	(3,780)	(5,784)
<b>Net cash provided by operating activities</b>	<b>19,953</b>	<b>2,730</b>	<b>(17,222)</b>	<b>39,750</b>
□ Cash flows from investing activities				
Purchase of securities	(35,097)	(110,104)	(75,007)	(162,178)
Proceeds from maturity of securities	35,000	115,500	80,500	145,500
Purchase of tangible fixed assets	(1,621)	(2,896)	(1,275)	(10,178)
Purchase of intangible fixed assets	(1,255)	(2,511)	(1,256)	(5,358)
<b>Net cash used in investing activities</b>	<b>(2,973)</b>	<b>(12)</b>	<b>2,961</b>	<b>(32,215)</b>
□ Cash flows from financing activities				
Purchase of treasury stock	—	—	—	(5,940)
Proceeds from disposal of treasury stock	—	—	—	44
Dividends paid	—	(5,831)	(5,831)	—
<b>Net cash used in financing activities</b>	<b>—</b>	<b>(5,831)</b>	<b>(5,831)</b>	<b>(5,895)</b>
Effect of exchange rate changes in cash and cash	—	—	—	—
□ Net change in cash and cash equivalents	16,979	(3,113)	(20,092)	1,640
Cash and cash equivalents at the beginning of the year	253,117	254,757	1,640	253,117
Cash and cash equivalents at the end of the period	270,097	251,644	(18,452)	254,757

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

## Other Financial Information

Financial information for the three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

(Note) Figures mentioned below are unaudited.

### 1. Claims disclosure under the Financial Reconstruction Law

Claims	(in millions of yens)		(reference)	(in millions of yens)
	As of June 30, 2006	As of June 30, 2007		As of March 31, 2007
Bankrupt and de facto bankrupt	—	—		—
Doubtful	—	—		—
Special attention	—	—		—

(Note) The figures shown above are classified by claims category under Article 4 of the “Ordinance for Enforcement of the Law concerning Emergency Measures for the Revitalization of Financial Functions”.

### 2. Capital ratio (based on domestic standards)

Claims	As of September 30, 2007 (Forecasts)	(Reference)
		As of March 31, 2007 (Actual)
Non-consolidated capital ratio	39.45%	37.94%
Non-consolidated Tier 1 capital ratio	39.39%	37.91%

(Note) Actual results may be materially different from forecasts presented herein due to changes in management environment and other presumptions.

### 3. Marketable Securities

#### ○ Net unrealized gains (losses) on marketable securities

	As of June 30, 2006				As of June 30, 2007				As of March 31, 2007			
	Fair value	Net unrealized gains or losses		Fair value	Net unrealized gains or losses		Fair value	Net unrealized gains or losses		Fair value	Net unrealized gains or losses	
		Gains	Losses		Gains	Losses		Gains	Losses			
Other securities	53,542	(31)	0	31	64,427	(12)	—	12	78,194	(19)	0	19
Stocks	—	—	—	—	—	—	—	—	—	—	—	—
Bonds	53,542	(31)	0	31	64,427	(12)	—	12	78,194	(19)	0	19
Other	—	—	—	—	—	—	—	—	—	—	—	—

(注) 1. “Net unrealized gains or losses” and “Gains/losses” are differences between fair value and book value (value under the amortized cost method).

2. There are no held-to-maturity debt securities, securities of subsidiaries and affiliated companies.

#### 4. Derivative Transactions

##### (1) Interest Rate Related Transactions

		( in millions of yens)						(Reference)	( in millions of yens)	
Category	Transaction type	As of June 30, 2006			As of June 30, 2007			As of March 31, 2007		
		Contract amounts	Fair Value	Gains or losses from valuation	Contract amounts	Fair Value	Gains or losses from valuation	Contract amounts	Fair Value	Gains or losses from valuation
Market	_____	—	—	—	—	—	—	—	—	—
OTC	Interest rate swaps	35,000	136	136	35,000	119	119	35,000	24	24
	Total			136			119			24

(Note) Derivative transactions for which hedging accounting is applied are excluded from the above.

##### (2) Currency derivatives

Not applicable

##### (3) Equity derivatives

Not applicable

##### (4) Bond derivatives

Not applicable

##### (5) Commodity derivatives

Not applicable

##### (6) Other derivate transactions

Not applicable