

Financial Results for the First Quarter of Fiscal 2008 (Non-Consolidated Data)

August 1, 2008

Company Name: Seven Bank, Ltd.

Stock exchange listing: JASDAQ

Stock Code: 8410

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Trading accounts: Not established

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

1. Financial Highlights for the First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

(1) Operating Results

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

	Ordinary income		Ordinary profit		First Quarter Net income	
	million yen	%	million yen	%	million yen	%
Three Months ended June 30, 2008	22,254	—	7,465	—	4,433	—
Three Months ended June 30, 2007	20,143	11.3	5,579	(1.6)	3,027	(11.3)

	First Quarter Earnings per share	Diluted First Quarter Earnings per share
	yen	yen
Three Months ended June 30, 2008	3,634.03	—
Three Months ended June 30, 2007	2,595.71	—

(2) Financial Position

	Total assets	Total net assets	Net assets to total assets ratio (Note)	Total net assets per common share
	million yen	million yen	%	yen
Three Months ended June 30, 2008	558,869	88,293	15.7	72,371.32
Fiscal Year ended March 31, 2007	488,137	88,974	18.2	72,930.25

Reference: Capital: Three Months ended June 30, 2008: 88,293 million yen Fiscal Year ended March 31, 2008: 88,974 million yen

Note: "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.

2. Dividends on Common Stock

(Record date)	Dividends per share				
	First Quarter	Interim	Third Quarter	Year end	Annual
	yen	yen	yen	yen	yen
Fiscal Year ended March 31, 2008	—	0.00	—	4,200.00	4,200.00
Fiscal Year ended March 31, 2009	—				4,200.00
Fiscal Year ended March 31, 2009 (Forecasts)		2,100.00	—	2,100.00	

Note: Revision to the dividend forecast during the current quarter: None

3. Performance forecasts for Fiscal 2008 (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
Six Months ended September 30, 2008	44,000	6.9	12,800	8.8	7,600	22.0	6,229.50
Fiscal Year ended March 31, 2009	89,200	6.6	25,300	2.6	14,900	7.7	12,213.11

Note: Revision during the current quarter to the performance forecasts: None

4. Others

- (1) Adoption of simplified accounting method and accounting methods specific to the preparation of quarterly financial statements: Yes

Note: For details, please refer to 4. Others of Qualitative Information / Financial Statements on page 5.

- (2) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements (items stated under changes in significant assumptions underlying the preparation of the quarterly financial statements)

(a) Changes arising from revised accounting standards etc.: Yes

(b) Changes other than (a) above: Yes

Note: For details, please refer to 4. Others of Qualitative Information / Financial Statements on page 5.

- (3) Number of shares (common stock)

(a) Number of shares in issue

As of June 30, 2008:	1,220,000 shares	As of March 31, 2008:	1,220,000 shares
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(b) Number of treasury stock

As of June 30, 2008:	- shares	As of March 31, 2008:	- shares
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(c) Average number of shares for the First Quarter ended (for the current first quarter):

June 30, 2008:	1,220,000 shares	June 30, 2007:	1,166,350 shares
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* Cautionary statement with respect to earnings forecasts, and disclaimer

- Starting from the current fiscal year, the Bank has adopted the “Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). The quarterly financial statements have been prepared in accordance with Regulations for Quarterly Financial Statements.
- This report contains earnings projections and other forward-looking statements which are based on currently available information and certain assumptions that the Bank considers to be reasonable. Various factors may cause actual results to be materially different from projections in these forward-looking statements.

Qualitative Information / Financial Statements

1. Qualitative information on operating results

Japan's economic growth during the current first quarter is slowing further due to the effects of high energy and materials prices. Corporate profits have been decreasing mainly due to the deterioration in the terms of trade the deterioration in the terms of trade and other factors, and business sentiment has become more cautious. The pace of increase in business fixed investment has become slower, the recovery in housing investment has come to a halt and public investment, awhile, has been sluggish.

Under such circumstances, the employment and income situations have made modest improvements. Nevertheless, growth in private consumption has recently been somewhat sluggish against the background of the continued increase in prices mainly of petroleum products and food.

Despite moderate growth in the corporate demand for funds, the banking industry, as a result of the subprime loan problem and other factors, has had to face an inevitable harsh management environment, and address the tasks of further improving operational efficiency and reinforcing its competitive edge.

(Operating results for the current period)

Ordinary income during the current first quarter increased by 2,111 million yen to 22,254 million yen (up 10.4% year-on-year), thanks to the increase in ATM related fee income accompanying greater ATM usage. Ordinary expenses, on the other hand, increased by 224 million yen to 14,789 million yen (up 1.5% year-on-year) as a result of increases in depreciation expenses accompanying the roll over to second generation ATMs.

As a result of the above, ordinary profit increased by 1,886 million yen to 7,465 million yen (up 33.8% year-on-year) and first quarter net income increased by 1,406 million yen to 4,433 million yen (up 46.4% year-on-year).

Note: Although the First Quarter Financial Statements for Fiscal 2007 have been prepared pursuant to the revised Regulations for Interim Financial Statements, for the sake of simplicity, qualitative information on operating results contain information that are comparative therewith.

(ATM Services)

During the current first quarter, the Bank made a number of efforts to enhance the convenience of its ATMs, including expanding its partnerships, upgrading its services and installing ATMs outside the Seven and i Holdings group. As a result of these efforts, the number of partners at the end of June 2008 increased by six compared to the end of March 2008 to total 560 (Note) and the number of installed ATMs increased by 126 to 13,158. The Bank also expanded the ATMs' compatibility to handle IC cards to 58 banks (including Seven Bank) and its audio guidance service for vision impaired customers to the 500-plus correspondent financial institutions. Furthermore, the Bank expanded the installation of its ATMs to airports, stations and hotels, and other locations outside the Seven and i Holdings group. Meanwhile, the average daily usage per ATM rose steadily to 113.2 transactions (up 5.4 transactions year-on-year) and total ATM usage steadily increased to 134 million transactions (up 15 million transactions year-on-year).

The roll over to the second generation ATMs was completed on 1,082 ATMs during the current first quarter. Consequently, the total number of second generation ATMs, including newly installed ATMs, reached 12,084.

Note: JA Bank and JF Marine Bank count as separate banks according to their respective business categories.

(Seven Bank deposit accounts)

As of June 30, 2008, deposit accounts for individual account holders increased by 31 thousand accounts from the end of March 31, 2008 to 611 thousand accounts with total deposits of 97.9 billion yen, representing an increase of 5.5 billion yen. Of the total deposits, ordinary deposits accounted for 69.2 billion yen, representing an increase of 2.3 billion yen, while time deposits accounted for 28.7 billion yen, an increase of 3.1 billion yen from the end of March 31, 2008.

[Reference]

	Fiscal Year ended March 31, 2009			Fiscal Year ended March 31, 2008		
	First Quarter	Six Months ended September 30, 2008 (Forecast)	Full Year (Forecast)	First Quarter	Six Months ended September 30, 2007	Full Year
(ATM Services)						
■ Average daily usage per ATM	113.2 transactions	111.2 transactions	112.0 transactions	107.8 transactions	109.2 transactions	109.0 transactions
■ Total ATM usage during period	134 million transactions	265 million transactions	544 million transactions	118 million transactions	244 million transactions	498 million transactions
■ Number of ATMs	13,158	Approx. 13,200	Approx. 14,000	12,145	12,548	13,032
(Seven Bank Deposits Accounts)						
■ Number of deposit accounts for individual account holders	611,000	—	—	497,000	519,000	580,000
■ Balance of deposit accounts	97.9 billion yen	—	—	77.6 billion yen	81.6 billion yen	92.4 billion yen
Balance of ordinary deposits	69.2 billion yen	—	—	60.4 billion yen	60.9 billion yen	66.8 billion yen
Balance of time deposits	28.7 billion yen	—	—	17.2 billion yen	20.6 billion yen	25.6 billion yen

2. Qualitative information on financial position

(Assets)

Total assets increased by 70,732 million yen from the end of the previous fiscal year end to 558,869 million yen.

Cash and due from banks, required to run ATMs, increased 14,665 million yen year-on-year to 281,942 million yen, accounting for the greater part of total assets. In other areas, the balance of securities mainly held as collateral for foreign exchange settlement and Bank of Japan current account overdraft transactions decreased by 3,491 million yen year-on-year to 94,357 million yen; ATM-related temporary payments, consisting of temporary advances to partner financial institutions increased by 23,137 million yen year-on-year to 76,417 million yen and the balance of tangible fixed assets, mainly consisting of ATMs, increased by 1,274 million yen year-on-year to 18,487 million yen.

(Liabilities)

Total liabilities increased by 71,414 million yen from the end of the previous fiscal year end to 470,576 million yen.

Most of these were deposits (excluding negotiable certificates of deposits), the balance of which increased by 49,770 million yen to 220,318 million yen.

(Net assets)

Net assets decreased by 681 million yen from the previous fiscal year end to 88,293 million yen.

This was due to the 690 million yen decreases in retained earnings, mainly as a result of posting first quarter net income and distributing retained earnings.

3. Qualitative information on forecasts

At this point, we are not making changes to the forecasts announced on May 8, 2008. Appropriate disclosures will be made in the event of any changes in future.

4. Others

(1) Adoption of a simplified accounting method and accounting methods specific to quarterly financial statements

(a) Method of calculating the depreciation of fixed assets

For tangible fixed assets that are depreciated on the declining-balance method, depreciation applicable to the fiscal year is calculated on a pro-rata basis.

(b) Accounting for allowance for credit losses

For claims other than claims to “bankrupt debtors” and “virtually bankrupt debtors; and claims other than claims to “potentially bankrupt customers” for which allowances are provided in the estimated amount of losses for each individual loan, allowances for credit losses are recorded by applying the estimated loan loss ratio for Fiscal 2007.

(c) Calculation of tax expenses

Income taxes are calculated according to the same method used at the fiscal year end. However, the adjustments and deductions are limited to the material items in calculating tax amounts.

(d) Determination of recoverability of deferred tax assets

As the Bank is recognized to be under the category of not having major changes in taxable income from the previous fiscal year end that exceed the temporary difference in future subtraction, the performance forecasts and tax planning results employed at the end of the previous fiscal year end will be applied to determine the recoverability of deferred tax assets.

(2) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly financial statements

(a) Starting from the current first quarter, the Bank has adopted the “Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No. 12, March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007). The quarterly financial statements have been prepared in accordance with Regulations for Quarterly Financial Statements.

(b) Finance leases which do not transfer ownership of the leased assets to lessees were previously accounted for as operating leases. However, as application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, the same date as the Statement), has begun from the fiscal term starting on and after April 1, 2008, the Bank has adopted these standards and such lease transactions are being accounted for accordingly.

Since there were no new finance leases which do not transfer ownership of the leased assets to lessees during the current first quarter, there were no effects of this change on the quarterly financial statements.

Finance leases which do not transfer ownership of the leased assets to lessees, which commenced in the fiscal year starting prior to April 1, 2008, have been accounted for as ordinary operating leases.

5. Quarterly Non-consolidated Financial Statements**(1) Quarterly Non-consolidated Balance Sheet**

	(Millions of yen)	
	As of June 30, 2008	As of March 31, 2008 (Selected items)
Assets		
Cash and due from banks	281,942	267,277
Call loans	62,000	28,000
Securities	94,357	97,849
Prepaid pension cost	116	118
Accrued income	8,139	7,246
ATM-related temporary payments	76,417	53,280
Other	1,155	1,051
Tangible fixed assets	18,487	17,212
Intangible fixed assets	14,880	14,794
Deferred tax assets	1,467	1,373
Allowance for credit losses	(94)	(67)
Total assets	558,869	488,137
Liabilities		
Deposits	220,318	170,548
Negotiable certificates of deposits	64,350	48,590
Call money	3,900	1,700
Borrowed money	65,000	65,000
Bonds	75,000	75,000
ATM-related temporary advances	31,301	21,238
Other	9,442	15,240
Reserve for bonuses	440	245
Reserve for retirement benefits for directors and statutory auditors	—	270
Reserve for losses on cancellation of leases	823	1,328
Total liabilities	470,576	399,162
Net assets		
Common stock	30,500	30,500
Capital surplus	31,739	31,739
Retained earnings	26,065	26,755
Total stockholders' equity	88,304	88,994
Net unrealized losses on available-for-sale securities, net of taxes	(11)	(19)
Total valuation and translation adjustments	(11)	(19)
Total net assets	88,293	88,974
Total liabilities and net assets	558,869	488,137

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

(2) Quarterly Statement of Income

(Millions of yen)

	For the three months ended June 30, 2008
Ordinary income	22,254
Interest income	204
Interest and dividends on securities	153
Fees and commissions income	21,988
ATM-related fee income	21,205
Other operating income	10
Other ordinary income	51
Ordinary expenses	14,789
Interest expenses	682
Interest on deposits	132
Fees and commissions expenses	2,231
ATM placement fee expenses	2,078
ATM-related fee expenses	89
Other operating expenses	41
General and administrative expenses	11,790
Other ordinary expenses	44
Ordinary profit	<u>7,465</u>
Extraordinary losses	<u>10</u>
First Quarter income before income taxes	<u>7,455</u>
Current income taxes	3,120
Deferred income taxes	<u>(99)</u>
First Quarter Net income	<u>4,433</u>

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

(3) Quarterly Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2008
Cash flows from operating activities	
First Quarter Income before income taxes	7,455
Depreciation of fixed assets	3,323
Net change in allowance for credit losses (losses)	27
Net change in reserve for losses on cancellation of leases (losses)	(504)
Interest income	(204)
Interest expenses	682
Net losses on securities transactions (losses)	34
Net losses on disposals of fixed assets (losses)	10
Net change in deposits (losses)	49,770
Net change in negotiable certificates of deposits (losses)	15,760
Net change in call loans (losses)	(34,000)
Net change in call money (losses)	2,200
Net change in ATM-related temporary accounts (losses)	(13,074)
Interest received	129
Interest paid	(853)
Other-net	(49)
Subtotal	<u>30,707</u>
Income taxes paid	<u>(4,000)</u>
Net cash flows from operating activities	<u>26,706</u>
Cash flows from investing activities	
Purchases of securities	(103,407)
Proceeds from maturity of securities	101,300
Purchase of tangible fixed assets	(3,455)
Purchase of intangible fixed assets	(1,354)
Net cash flows from investing activities	<u>(6,917)</u>
Cash flows from financing activities	
Dividends paid	(5,124)
Net cash from financing activities	<u>(5,124)</u>
Effect of exchange rate change in cash and cash equivalents	—
Net increase in cash and cash equivalents	<u>14,665</u>
Cash and cash equivalents at the beginning of the year	<u>267,277</u>
Cash and cash equivalents at the end of the first quarter	<u>281,942</u>

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

Starting from the current fiscal year, the Bank has adopted the “Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). The quarterly financial statements have been prepared in accordance with the Regulations for Quarterly Financial Statements.

(4) Notes based on the premise of a going concern

First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)

Not applicable

(5) Notes to cases where drastic changes have taken place in the amount of stockholders' equity

First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)

Not applicable