

# Financial Results for the Interim Period of Fiscal 2009

November 2009



# SEVEN BANK



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These presentation materials contain forward looking statements concerning forecasts, expectations, goals and plans related to the financial results of Seven Bank, Ltd. (“Seven Bank”). Except for concrete historical facts, these forward looking statements are based on the information available when they were written. As such, these forward-looking statements may contain some premises (assumptions). These statements and premises (assumptions) are subjective and subject to various risks and uncertainties. As a result of such risks and uncertainties, the actual financial results of Seven Bank may differ substantially from these forecasts and expectations. Such risks and uncertainties include, but are not limited to, system failures, disasters, crimes and other various risks surrounding the ATM and financial services businesses. Any information in these materials, which is other than that of Seven Bank, is based on publicly available information and we have not validated the accuracy and appropriateness of such information and do not guarantee its accuracy. All rights reserved.

- **Achieved growth in interim ordinary profit and net income**
  - Ordinary profit did not meet projections, reflecting harsh beleaguered personal incomes
  
- **Forecasts for the full-year have been revised downward in light of first-half results and current conditions**
  - **We now forecast a year-over-year profit decline**
    - Personal income will continue to languish through second-half
    - Money lenders' business environment will deteriorate faster than was expected at fiscal year outset
  
- **Interim dividend of 2,450 yen, in line with initial forecast**  
**Year-end dividend forecast remains unchanged (2,450 yen)**

# Income statement

Unit : billion yen

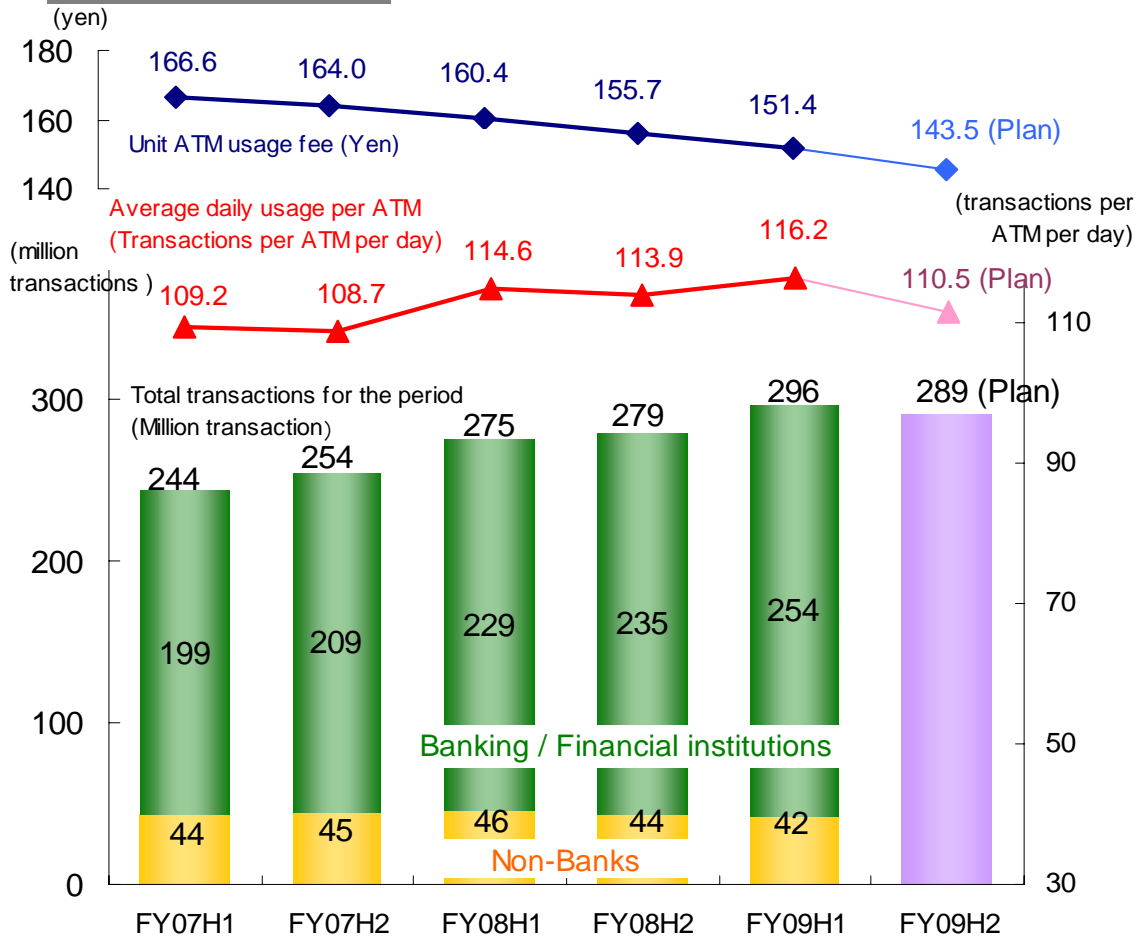
	FY08		FY09		FY09		FY09	
	Actual result	First half	Initial full year plan	First half	First half result	Change from FY 08	Revised plan	Change from FY 08
Ordinary income	89.8	45.2	91.5	46.3	45.6	+0.4	87.1	-2.7
ATM-related fee income	85.5	43.0	87.6	44.4	43.8	+0.8	83.6	-1.8
Ordinary expenses	61.0	29.9	61.1	30.4	29.3	-0.6	59.6	-1.4
ATM placement fee expenses	8.5	4.2	9.2	4.5	4.4	+0.2	8.9	-0.4
Outsourcing expenses	13.9	6.8	14.2	7.1	7.0	+0.2	14.1	+0.2
Maintenance fees	3.5	1.7	3.9	2.0	1.9	+0.2	3.8	+0.3
Rent for premises and equipment	2.8	1.5	2.4	1.2	1.2	-0.3	2.4	-0.3
Depreciation expenses	15.4	7.1	13.0	6.2	6.2	-0.9	12.9	-2.4
Ordinary profit	28.7	15.2	30.3	15.9	16.3	+1.0	27.4	-1.3
Extraordinary gain (loss)	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Income taxes	11.7	6.2	12.3	6.4	6.6	+0.4	11.1	-0.5
Net income	16.9	9.0	18.0	9.4	9.6	+0.5	16.2	-0.7
No. of ATMs installed at end of term (units)	13,803	13,307	14,550est	14,110est	14,188	+881	14,550est	+747
ATM-related fee income per ATM (yen)	158.0	160.4	148.5	151.4	151.4	-9.0	147.4	10.6
Daily average transaction per ATM (Transactions per ATM per day)	114.3	114.6	116.6	117.4	116.2	+1.6	113.4	-0.9
Total no. of transactions (millions)	555	275	602	299	296	+21	586	+31

Notes: 1. Amounts less than one hundred million yen have been truncated.

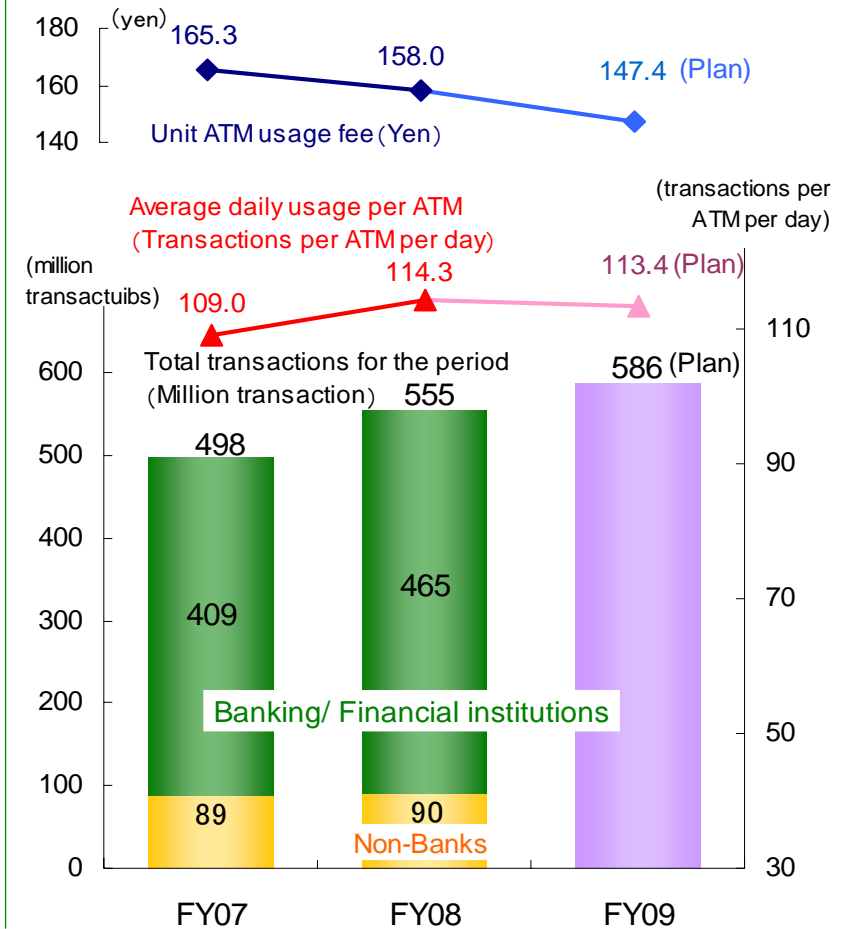
2. Changes from the previous fiscal year have been compared in units of one million yen (for total transactions, one thousand units), and amounts less than this unit have been truncated.

# ATM usage and unit fee income

## Half-year trend



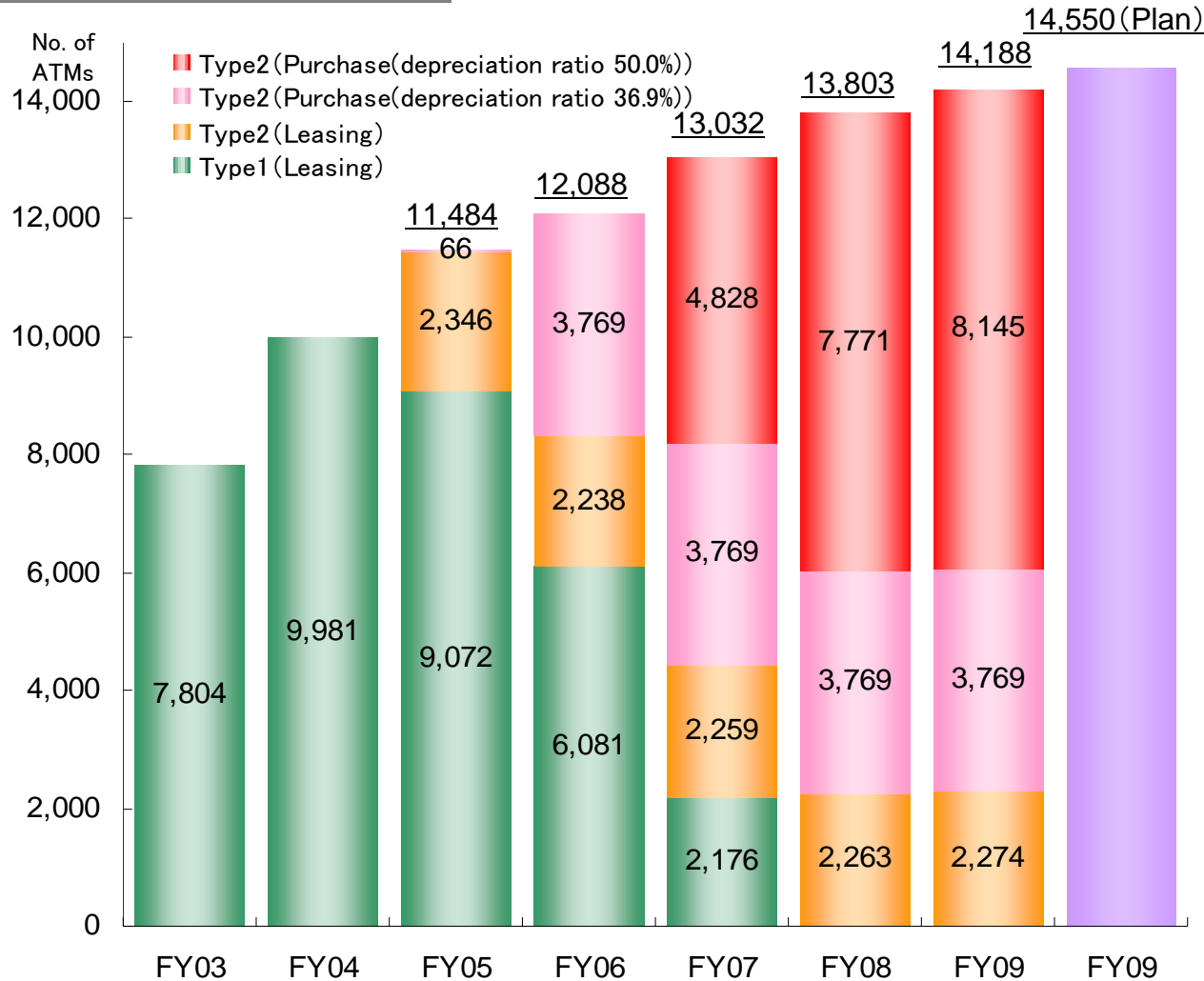
## Full year trend



Notes: 1. Average daily usage per ATM and total transactions for the period exclude balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.  
 2. Total transactions for the period have been truncated at one million. Average daily usage per ATM and ATM-related fee income have been truncated at the first decimal place.  
 3.  $ATM\text{-related fee income} = \frac{ATM\text{-related fee income}}{\text{Total transactions for the period} - \text{ATM-related fee without income (i.e. Sales deposits)}}$   
 4. Securities companies, life insurance companies and other financial institutions are referred to as non-banks in this document

# Number of ATMs Installed

## Trends in number of ATMs



Note: No. of ATMs are based on no. of ATMs in operation at the end of each fiscal year (FY09H1 at the end of interim period)

## Net increase in number of ATMs In FY09 H1

	(No. of ATMs)	
	FY09 H1	FY09 Plan Approx. figures
Total	+385	+750
In 7&I group stores	+317	+600
SEJ new	+171	
SEJ 2 <sup>nd</sup> ATM	+137	
Other	+9	
Non-group locations	+68	+150
Airports	+3	
Hotels	+3	
Transport related	+21	
Commercial facilities	+42	
In companies	+2	
Hospitals	+1	
Financial institutions	-4	

## ● **Expanding range of ATM locations**

- Train stations (station premises, in-station convenience stores)
  - Expanding into JR Central's stations and convenience stores

\*Intend to install ATMs together with Seven Eleven at (around 80) stations of Keihin Electric Express Railway Co., Ltd.

### - Chain stores

- Expanding into major electronics retailers' stores, commercial facilities, outlet shopping malls, etc.

### - Capitalizing on our functional advantages

- Capitalizing on our ability to accept overseas cards by deploying ATMs in airport airside areas

## ● **Diversification of the ATM business**

- Outsourcing orders have yet to materialize, but associated activities are underway

- (1) ATMs on corporate premises replaced by Seven Bank ATMs
- (2) Preparing to rollout Seven Bank ATM stations (capitalizing on sites banks have withdrawn from)
- (3) Launch of ATM stations together with non-banks
  - Epos Card ATM station



EPOS Card Shibuya South



First Ave. Tokyo station



Yodobashi-Akiba



Billboard Place (Niigata)



Narita Airport airside area

(Service started since Oct. 2009)

## ● **Small-denomination loan services**

- Launch of personal-loan services (scheduled for Jan. 2010)

- Targeted at around 730,000 accountholders (as of Sep. 30, 2009)
- Credit limit of around 100,000 yen (15% interest)
- Guarantees by ACOM Co., Ltd. ensure no credit risk

\*Introduced as a basic savings account feature, so no lending target has been set

# Financial position as of September 30, 2009



Cash placed in our ATMs  
Increase following increase in number of ATMs

Securities required for transfer settlement and overdraft with Bank of Japan accounts

ATM-related temporary advances:  
Funds provisionally paid to customers of correspondent financial institutions withdrawing from our ATMs, pending next business day settlement with those institutions. (Increases result when term-end day is a non-business day since amounts cannot be settled.)  
\*In principle, for transactions with non-banks there is no remaining balance of ATM-related temporary payments since these are settled in our corporate account on the same day

Mainly ATMs

Software and software-related temporary accounts

Deferred tax assets 1.2  
Allowances for credit losses -0.1

Cash	269.6(-4.7)
Call loan	35.0(+ 6.0)
Securities	89.4(+ 0.5)
ATM-related temporary payments etc	64.7(+ 1.8)
Tangible fixed assets	13.4(- 2.5)
Intangible fixed assets	15.1(+ 0.3)

Assets 497.8  
(+ 4.4)

Unit: billion yen

Deposits (Individuals)	121.0 (+ 7.4)
Deposits (Corporate)	82.1 (+ 7.6)
Negotiable certificate of deposits	15.3(- 25.9)
Due from banks	9.2(+3.0)
Borrowed Money	48.0(-21.0)
Bonds	90.0 (+30.0)
ATM-related temporary advances	36.7(+ 0.0)
Capital stock	30.5 (+ 0.0)
Capital surplus	31.7(+ 0.0)
Retained earnings	42.2(+ 6.1)

Liabilities + Net assets 497.8  
(+ 4.4)

Ordinary deposits: 145.8 bn yen  
Term deposits: 51.7 bn yen  
The others: 0.2 bn yen

2<sup>nd</sup> issue (2006) 36.0 bn yen (5yr bond)  
3<sup>rd</sup> issue (2006) 24.0 bn yen (7yr bond)  
4<sup>th</sup> issue (2009) 10.0 bn yen (3yr bond)  
5<sup>th</sup> issue (2009) 20.0 bn yen (5yr bond)

Liabilities 393.2  
(-1.7)

ATM-related temporary advances:  
Provisional deposits of customers of correspondent financial institutions pending next business day settlement with those institutions.

Net assets 104.6  
(+ 6.2)

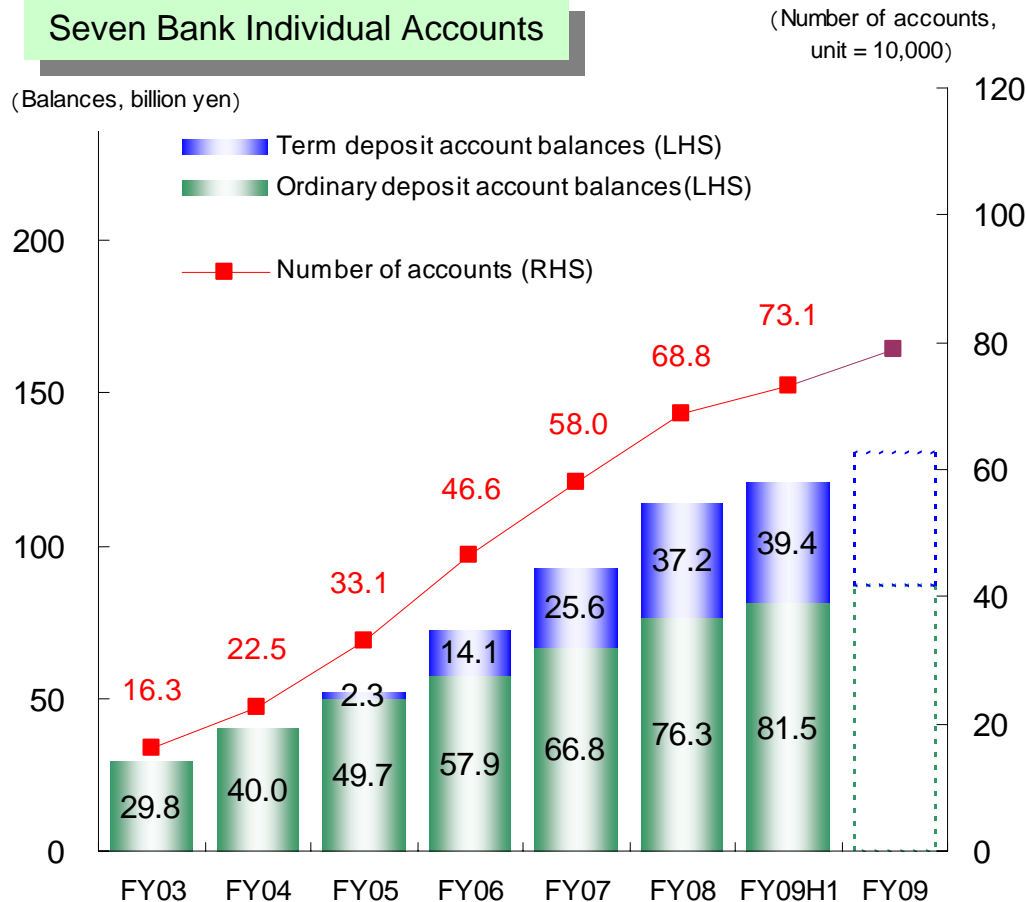
Loss from evaluation of other securities 0.02  
New share warrants 0.08

Note: Figures in brackets refer to change from March 31, 2009 and are calculated in units of million yen, then rounded down



- Stable funding by combining different funding methods
- Balance of deposits rising steadily

## Seven Bank Individual Accounts



Note: Figures are balance and No. of accounts at the end of year (for FY09H1, those at the end of Sep. 2009)

## Sound financials and strong creditworthiness

**Tier 1 capital ratio (Domestic Standard)** 47.25% (preliminary figure)

**Ratings (As of September 30, 2009)**

S&P AA- (Long-term counterparty rating)

R&I AA (Issuer rating)

## Redemption and repayment schedule for long-term funding

(Unit: billion yen)

		Bonds	Borrowing	Total
FY09	H2	0.0	19.0	19.0
FY10	H1	0.0	0.0	0.0
	H2	0.0	12.0	12.0
FY11	H1	0.0	0.0	0.0
	H2	36.0	0.0	36.0
FY12	H1	10.0	0.0	10.0
	H2	0.0	0.0	0.0
FY13 onwards		44.0	17.0	61.0
Total		90.0	48.0	138.0

Bond Issuance (in Jul. 09)

- 4<sup>th</sup> issue 10.0 bn yen (3yr bond, 0.744%)
- 5<sup>th</sup> issue 20.0 bn yen (5yr bond, 1.038%)

# Appendix

## Basic information

Headquarters	1-6-1 Marunouchi Chiyoda-ku, Tokyo
Major business lines	ATM services / Other financial services

## Key data

(end of Sep. 09)

Net assets	104.6 billion yen
Common stock	30.5 billion yen
No. of ATMs	14,188
No. of manned outlets	6
No. of employees	323

## Concept of incorporation: Everyone's ATM network

<b>Anytime</b>	24 hours, 365 days a year
<b>Anywhere</b>	Throughout Japan
<b>Everyone's ATM network</b>	Approx. 560 domestic alliance partners
<b>Safe and secure</b>	Safe, monitored locations, high security

## History

Apr. 2001	Incorporated under the name IY Bank Co., Ltd.
Oct. 2005	Changed corporate name to Seven Bank, Ltd.
Feb. 2008	Listed on the JASDAQ securities exchange

## Major Shareholders (as of September 30, 2009)

Shareholders	# of Shares	% of voting
Seven-Eleven Japan	356,639	28.98
Ito-Yokado	146,961	12.04
York-Benimaru	52,400	4.29
The Master Trust Bank of Japan (Trust account)	39,725	3.25
Life Foods	30,000	2.45
Japan Trustee Service (Trust account)	27,181	2.22
State Street Bank and Trust Company	18,152	1.48
Sumitomo Mitsui Banking Corporation	15,000	1.22
Dai-ichi Mutual Life Insurance	15,000	1.22
Japan Trustee Service (Trust account 9)	13,991	1.14

Shareholders	# of Shares	% of voting
7&I HD group companies	583,000	47.78
Financial institutions	218,769	17.93
Financial companies	13,012	1.06
Other corporations	82,841	6.79
Foreign corporations	218,692	17.92
Individuals	103,713	8.50

### Notes:

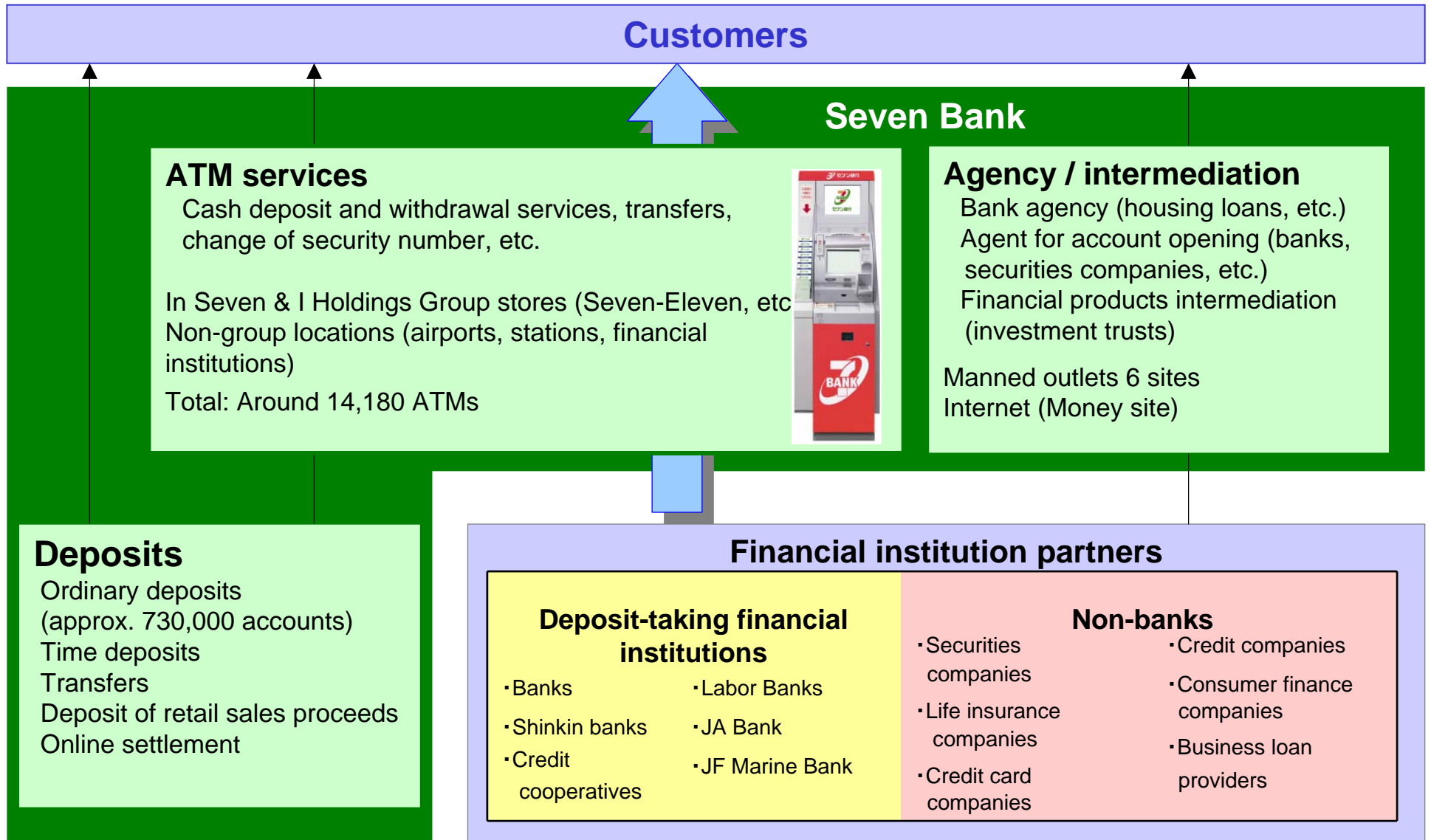
- 1) For voting rights percentages, amounts less than one one-hundredth of one percent have been truncated.
- 2) Orange shading indicates Seven & i Holdings Group companies.
- 3) Other corporations excludes 7&I HD group companies

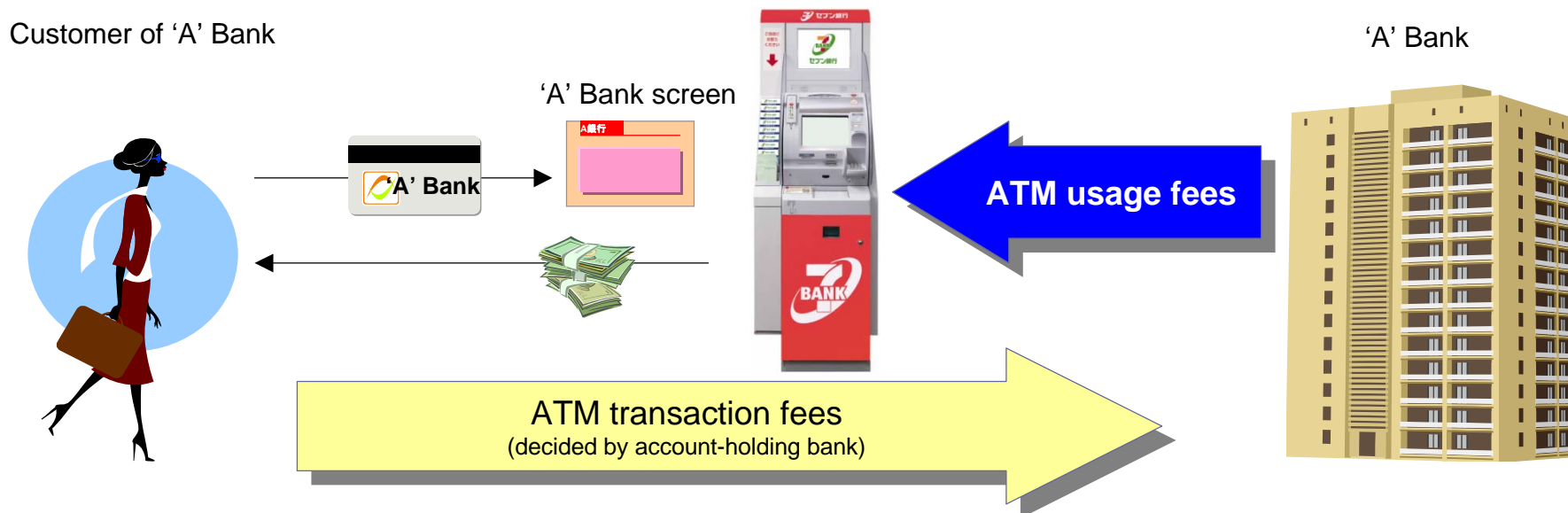
## Trends in income (since establishment)

Unit: billion yen

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Ordinary income	1.9	11.5	29.1	47.9	64.6	75.4	83.6	89.8
ATM-related fee income <sup>2</sup>	1.8	11.3	28.9	45.8	61.9	73.1	80.1	85.5
Ordinary expenses	14.0	19.7	26.0	37.8	45.2	50.4	59.0	61.0
ATM placement fee expenses	0.3	1.1	2.2	3.5	4.5	6.1	7.7	8.5
Outsourcing expenses	5.1	7.0	8.5	12.0	14.4	13.7	13.7	13.9
Maintenance fees	0.3	0.8	1.1	3.0	2.5	2.9	3.4	3.5
Rent for premises and equipment	2.0	3.4	4.6	6.3	7.5	6.7	4.7	2.8
Depreciation expenses	1.6	2.6	3.1	3.5	4.3	5.4	11.4	15.4
Ordinary profit	-12.1	-8.1	3.0	10.0	19.4	25.0	24.6	28.7
Extraordinary loss	0.0	0.0	-0.1	-0.1	-2.8	-4.0	-1.3	-0.0
Income taxes	0.0	0.0	-2.1	-0.9	6.0	8.3	9.5	11.7
Net income	-12.1	-8.1	5.0	10.8	10.5	12.6	13.8	16.9

Notes: Amount less than unit have been truncated.





## Merits to customer (user)

- **Anytime and anywhere**  
Inside a 24 hr/365 days a year convenience store, etc.  
Nationwide network, almost any card can be used  
Familiar screen layout
- **Safe and Secure**

## Merits to ATM alliance partner (financial institution)

- **Can utilize in the same way as their own ATMs**  
ATM commissions decided according to each bank's own strategy  
Can use as part of their own customer reward  
Provides same screen layout as banks' ATMs
- **Use as a back-up to their own ATM network**
- **Can reduce ATM maintenance cost and fund sourcing cost**

## 1. Designed for privacy and security

Keypad: Input of personal identification number hidden by users hand

Touch screen: Customer transaction details cannot be seen by someone standing diagonally behind

## 2. Advanced security system

In the event of theft, cash is dyed with purple ink

A security camera captures images during transactions

Triple DES encryption protects information from interception

## 3. Compatible with IC cards

## 4. PIN and daily withdrawal limits can be changed

## 5. Screen also used for ads and warnings

## 6. Displays the user interface of each correspondent financial institution

When the customer inserts their bank card the familiar user interface of their own financial institution is displayed



## 7. Can charge electronic money cards



## 8. Overseas-issued cards can be used

Customers can withdraw Yen using an overseas-issued cash card or credit card



## 9. Accessible for vision-impaired customers

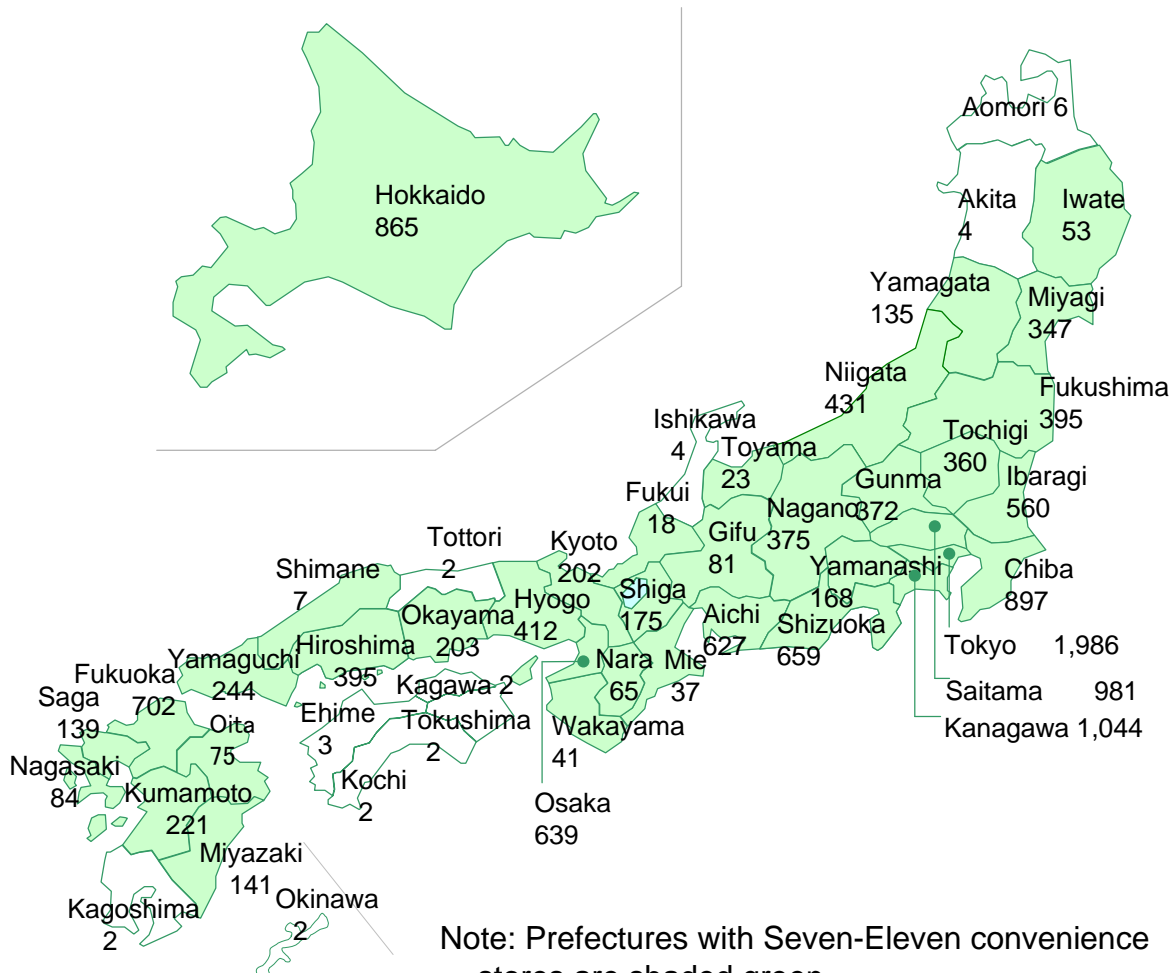
Equipped with audio guidance services via interphone to provide accessibility to vision-impaired customers

## 10. Ability to print legally required loan receipts

Customers can print loan receipts from correspondent financial institutions as required by law



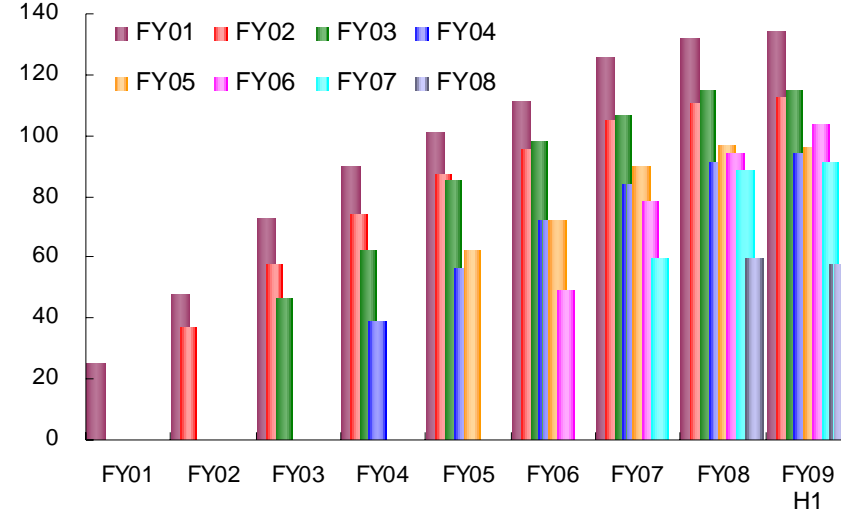
## No. of ATMs by prefecture (As of September 30, 2009)



Note: Prefectures with Seven-Eleven convenience stores are shaded green

## Average usage by rollout year (Prefectures with Seven-Eleven convenience stores)

(transaction per ATM per day)



### ▽ ATM rollout by fiscal year

FY01	Tokyo・Saitama・Chiba・Kanagawa・Shizuoka・Osaka・Hyogo
FY02	Tochigi・Nagano・Aichi・Shiga・Kyoto・Fukuoka
FY03	Fukushima・Ibaraki・Niigata・Hiroshima・Kumamoto
FY04	Hokkaido・Yamagata・Gunma・Okayama・Yamaguchi・Nagasaki
FY05	Miyagi・Yamanashi・Gifu・Mie・Saga・Miyazaki
FY06	Aomori・Iwate・Nara
FY07	Wakayama・Oita (Nationwide network by installing ATMs in Nomura securities branches)
FY08	Toyama・Fukui・Shimane



# Trends in the number of correspondent companies

(Number of correspondent companies)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09 H1
Banks	7	15	27	50	63	80	92	95	97
Major banks	3	5	5	5	4	5	5	5	5
Regional banks	3	9	19	41	54	69	76	77	79
Other banks	1	1	3	4	5	6	11	13	13
"Shinkin" banks	-	-	240	241	255	263	260	264	263
Credit cooperatives	-	-	-	117	122	124	122	127	127
Labor banks	-	-	-	13	13	13	13	13	13
JA Bank	-	-	-	-	1	1	1	1	1
JF Marine Bank	-	-	-	-	1	1	1	1	1
Securities firms	2	2	2	2	5	8	8	8	8
Life insurance firms	-	4	5	5	6	8	8	8	8
Other financial institutions (Consumer finance, credit card companies, etc.)	-	27	35	41	47	50	49	49	43
<b>Total</b>	<b>9</b>	<b>48</b>	<b>309</b>	<b>469</b>	<b>513</b>	<b>548</b>	<b>554</b>	<b>566</b>	<b>561</b>

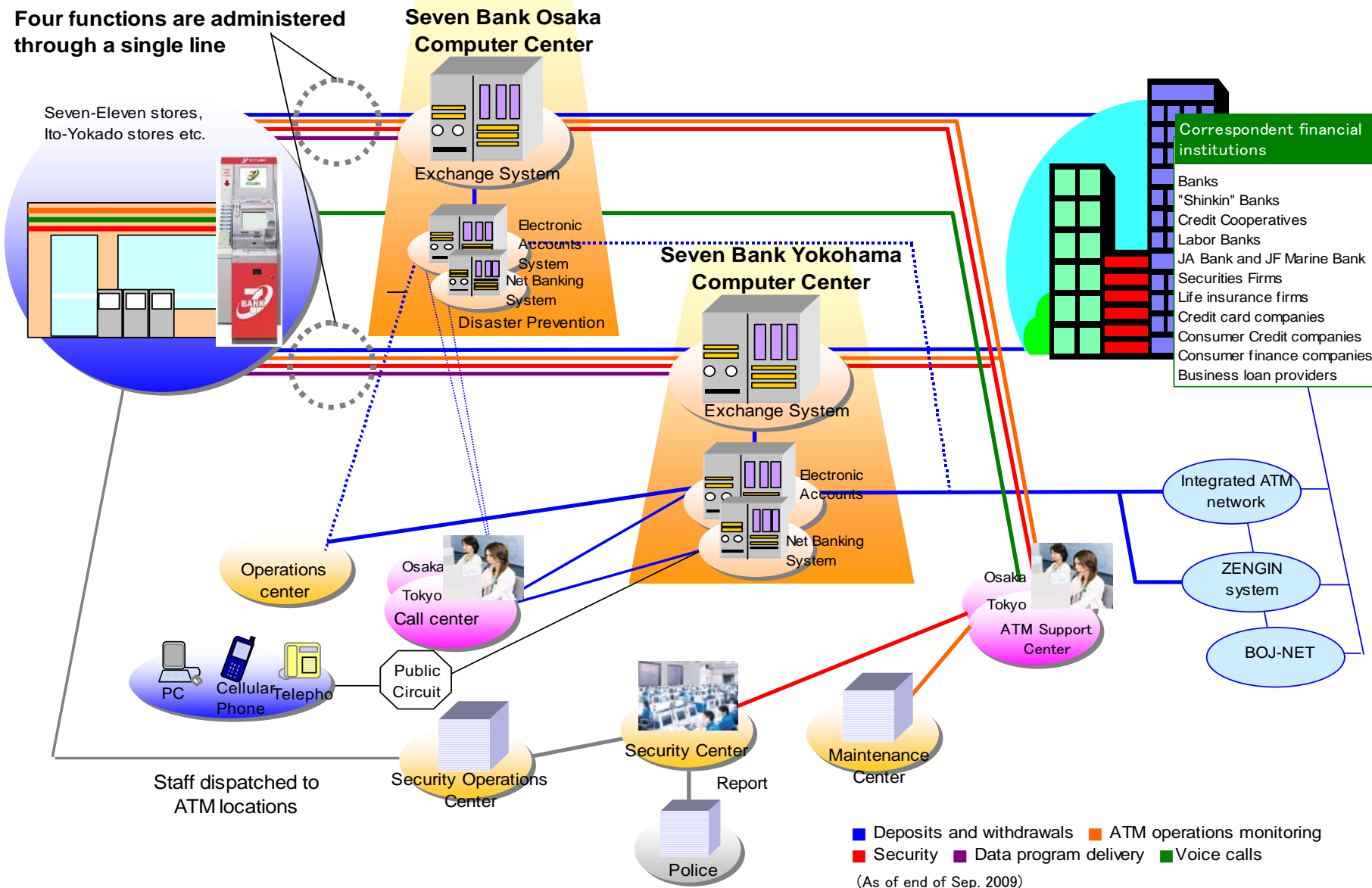
Note 1. Seven Bank is not included among the correspondent companies

2. Japan Post Bank, which was privatized and separated in October 2007, is included among 'Other financial institutions

3. JA Bank and JF Marine Bank are each counted as one institution.

# Safety and security supported by solid infrastructure

Four functions are administered through a single line



## Corporate Principles

1. We aspire to be a sincere company that is trusted by its customers.
2. We aspire to be a sincere company that is trusted by its shareholders, business partners and society.
3. We aspire to be a sincere company that is trusted by its employees.

## Management Policy

1. Our aim is to be a trusted bank that fully answers customer needs.
2. Each employee will seek to speedily introduce the benefits of technical innovation and pursue personal enhancement.
3. We will contribute to the stability of Japan's financial system by providing a secure and efficient settlement infrastructure.

## Charter of Ethics (abridged)

This ethical charter represents the cornerstone of the standards to which we will conform in making the decisions involved in the management of our business.

1. Be fully aware of the public nature and social responsibilities of a bank.
2. Provide highly convenient, customer-focused services, matched to current needs.
3. Act with integrity and fairness.
4. Communicate with society.
5. Have respect for humanity.

## Compliance standards

1. Observe rules.
2. Keep promises.
3. Be truthful.
4. Don't conceal the truth.
5. Protect confidentiality.
6. Do not offend others.
7. Do not mix public and private matters.
8. Combat corruption.
9. Remember the basics of service.
10. Be responsible for your own actions.