

November 2012



**Financial Results  
for the Second Quarter of Fiscal 2012**

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\* Earnings announcement data can be found on our website.  
(<http://www.sevenbank.co.jp/english/ir/library/presentation/>)

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## FY12 interim results

- ◆ Ordinary income (¥46.7 billion) and ordinary profit (¥16.5 billion) both rose year on year, in line with our targets
  - ~ ATM installations steadily increased
  - ~ The number of non-banks transactions has bottomed out
  - ~ The number of deposit accounts exceeded 1 million and the balance of loans also grew steadily
  - ~ The total of international money transfers is set to reach our annual target of 170,000

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## FY12 full-year outlook

- ◆ No change to targets announced at beginning of year
- ◆ Acquisition and conversion into subsidiary of FCTI of the US (Negligible impact on current-term financial results)

# Income statement

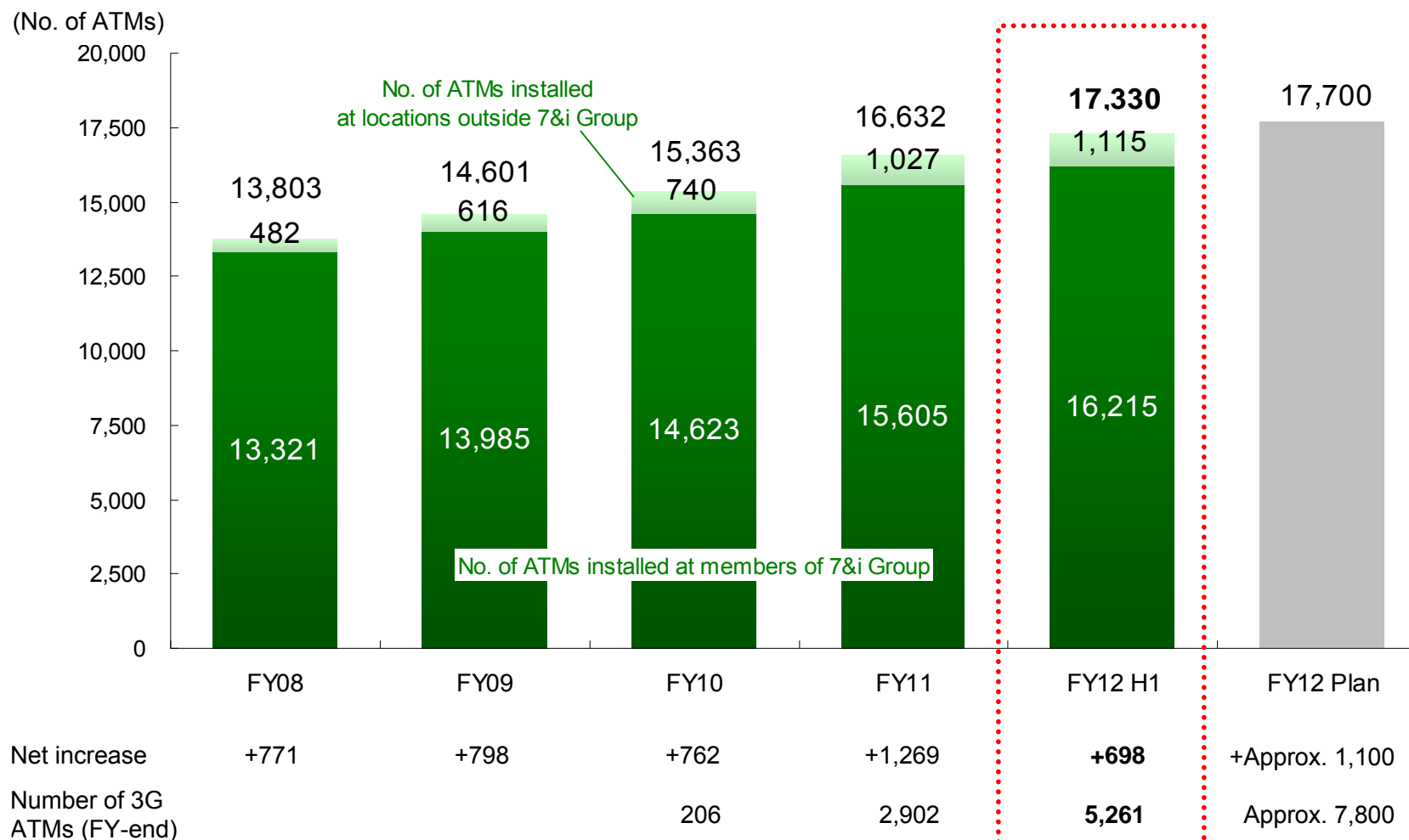
(Unit: Billion yen)

	FY11 Results		FY12 Initial plan		FY12 H1 results			FY12 Plan (as of Nov. 9)		
		H1		H1		Changes from FY11 H1 results	Changes from FY12 initial plan		Changes from FY11 results	Changes from FY12 initial plan
<b>Ordinary income</b>	<b>88.3</b>	<b>44.3</b>	<b>93.8</b>	<b>46.7</b>	<b>46.7</b>	<b>2.4</b>	<b>0.0</b>	<b>93.8</b>	<b>5.5</b>	<b>0.0</b>
ATM-related fee income	83.8	42.2	89.1	44.3	44.2	2.0	(0.1)	88.8	5.0	(0.3)
<b>Ordinary expenses</b>	<b>58.7</b>	<b>28.6</b>	<b>63.3</b>	<b>30.8</b>	<b>30.2</b>	<b>1.6</b>	<b>(0.6)</b>	<b>63.3</b>	<b>4.6</b>	<b>0.0</b>
Interest expenses	1.9	1.0	1.8	0.9	0.7	(0.3)	(0.2)	1.5	(0.4)	(0.3)
ATM placement fee expenses	9.9	4.9	10.7	5.3	5.2	0.3	(0.1)	10.7	0.8	0.0
Outsourcing expenses	15.0	7.4	15.9	8.0	7.7	0.3	(0.3)	16.0	1.0	0.1
Maintenance fees	4.2	2.1	4.1	2.1	2.0	(0.1)	(0.1)	4.0	(0.2)	(0.1)
Rent for premises and equipment	1.0	0.5	0.9	0.4	0.4	(0.1)	0.0	0.8	(0.2)	(0.1)
Depreciation and amortization	12.3	5.7	14.3	6.3	6.2	0.5	(0.1)	14.1	1.8	(0.2)
<b>Ordinary profit</b>	<b>29.5</b>	<b>15.7</b>	<b>30.5</b>	<b>15.8</b>	<b>16.5</b>	<b>0.8</b>	<b>0.7</b>	<b>30.5</b>	<b>1.0</b>	<b>0.0</b>
Extraordinary gain (loss)	(0.2)	(0.0)	(0.3)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	0.0	0.1
Income taxes	12.0	6.3	11.4	5.9	6.2	(0.1)	0.3	11.5	(0.5)	0.1
<b>Net income</b>	<b>17.2</b>	<b>9.2</b>	<b>18.7</b>	<b>9.7</b>	<b>10.0</b>	<b>0.8</b>	<b>0.3</b>	<b>18.7</b>	<b>1.5</b>	<b>0.0</b>
No. of ATMs installed at end of term (units)	16,632	16,005	17,700	17,100	17,330	1,325	230	17,700	1,068	0
ATM-related fee income per transaction (yen)	131.3	131.7	130.9	131.0	130.3	(1.4)	(0.7)	130	(1.3)	(0.9)
Daily average transactions per ATM (transactions/ATM/day)	112.6	115.1	111.9	113.0	112.7	(2.4)	(0.3)	111.5	(1.1)	(0.4)
Total no. of transactions (millions)	655	328	698	347	347	19	0	699	44	1

Notes: Amounts less than one unit have been truncated.

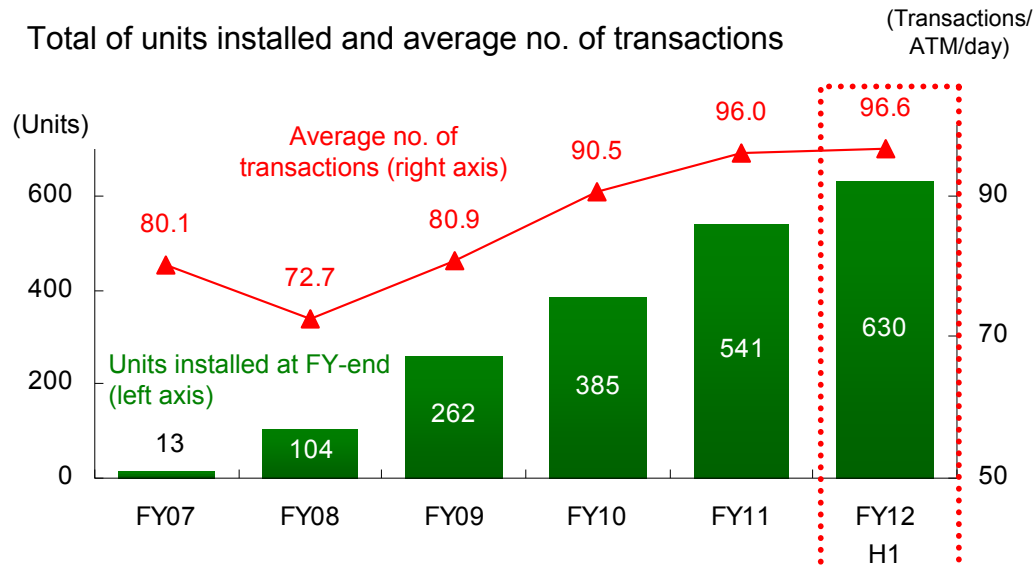
Changes from the previous fiscal year and changes from initial targets have been compared in units of one 100 million yen (for total of transactions, one million units)

## Steadily increased both inside and outside the Group



## ■ ATMs in locations outside the Group (excluding securities companies)

Total of units installed and average no. of transactions

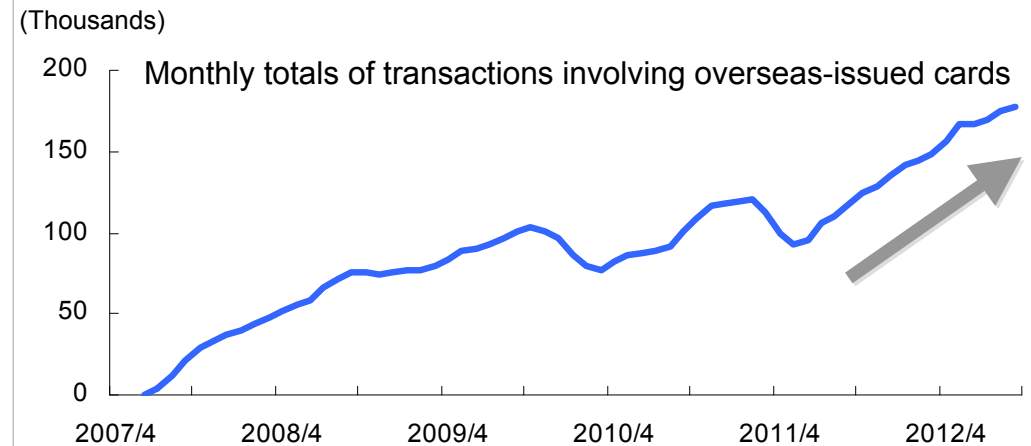


Breakdown of installation locations

	FY07	FY08	FY09	FY10	FY11	FY12 H1
Airports	9	22	30	30	33	33
Train station & transport facilities	1	24	61	71	84	92
Commercial facilities	—	32	115	196	298	365
Others	3	26	56	88	126	140
<b>Total</b>	<b>13</b>	<b>104</b>	<b>262</b>	<b>385</b>	<b>541</b>	<b>630</b>

Increased need to provide ATMs that can serve customers with cards issued abroad

- Installation at JR EAST Travel Service Center
- Installation at the Tokyo International Forum during the IMF and World Bank meetings

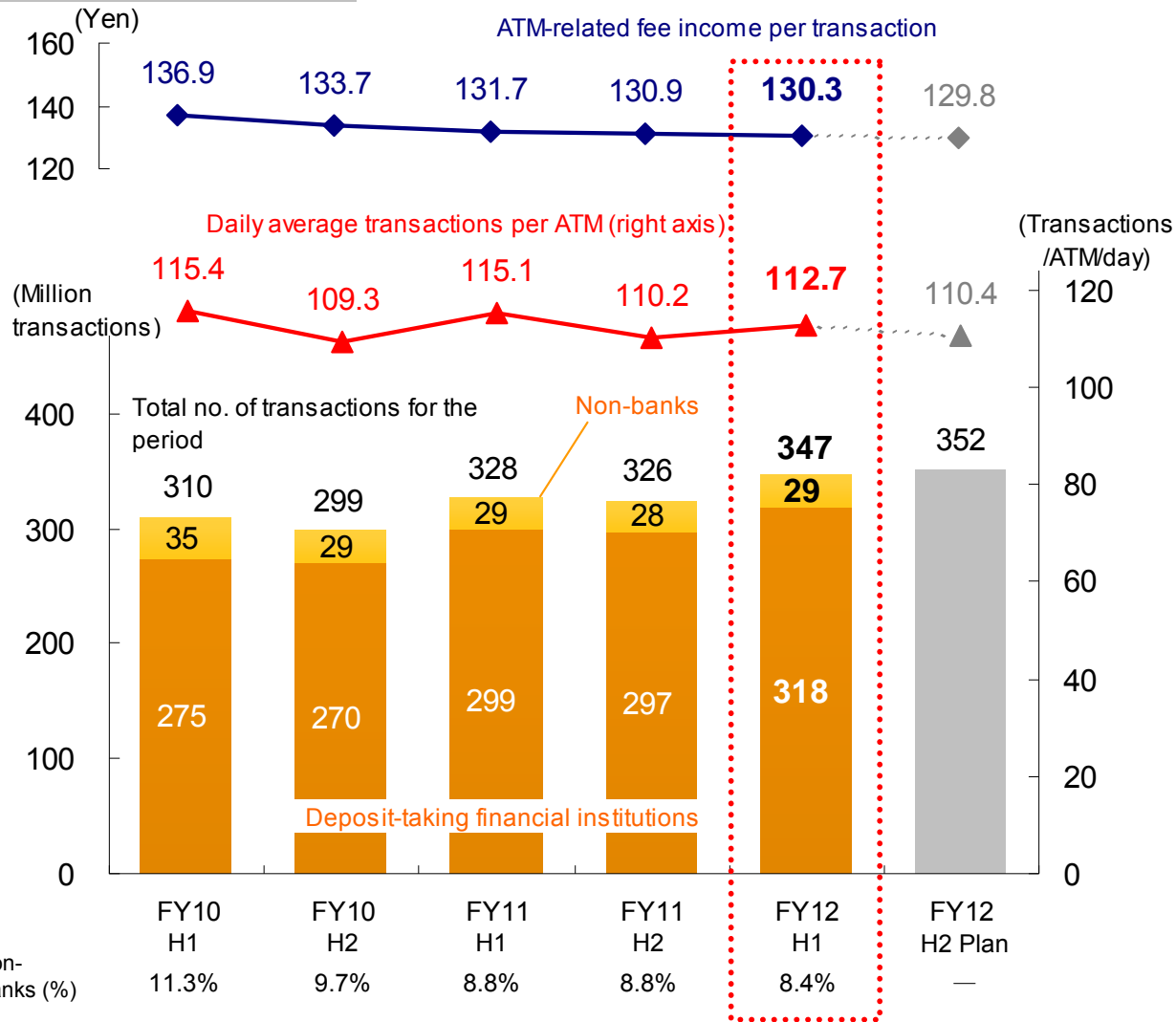


Tokyo Station

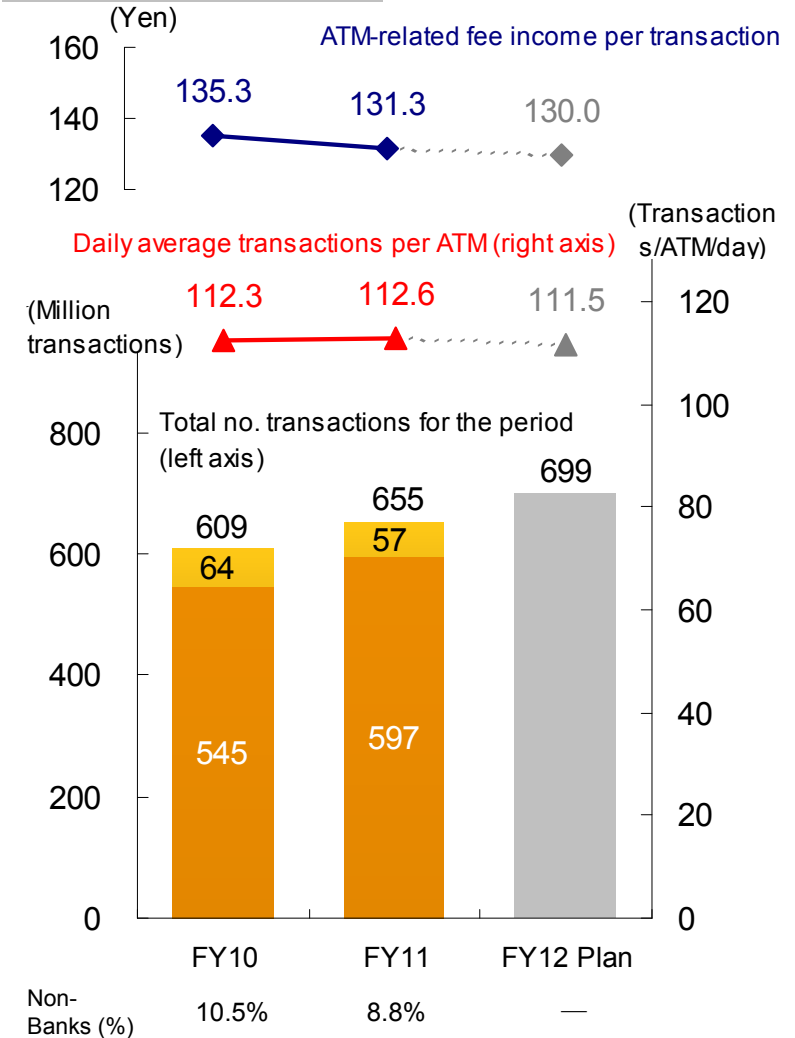


Tokyo International Forum

## Half-year results



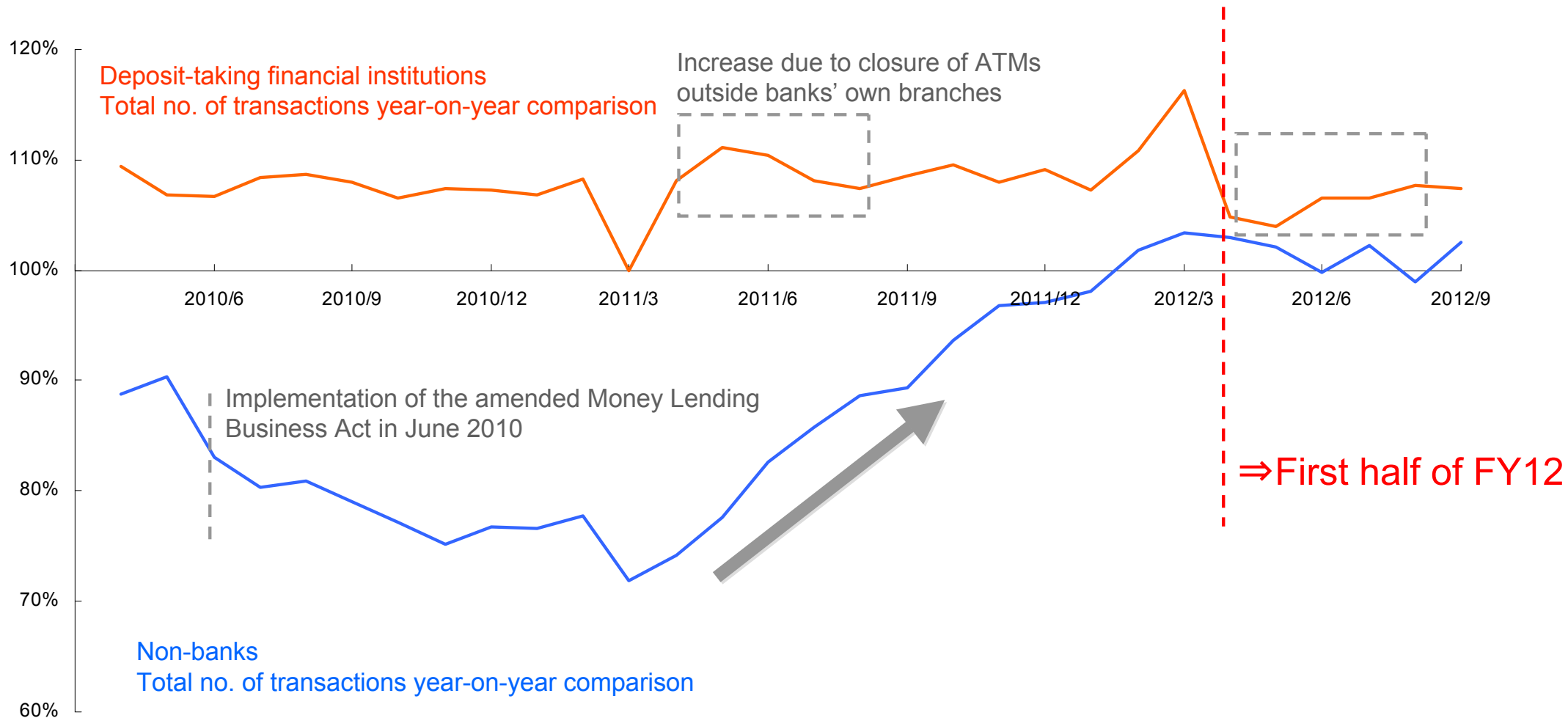
## Full-year results



Notes:

- Daily average transactions per ATM and total of transactions for the period exclude balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.
- Amounts less than one unit have been truncated.
- ATM-related fee income per transaction = ATM-related fee income / (Total of transactions – Total of transactions without ATM-related fee income (i.e. sales proceeds deposits))
- In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as “non-banks.”

- Transactions with deposit-taking financial institutions have returned to a growth track following the impact of power-saving measures at banks in Japan in the previous year
- Total transactions involving non-banks have returned to previous-year levels



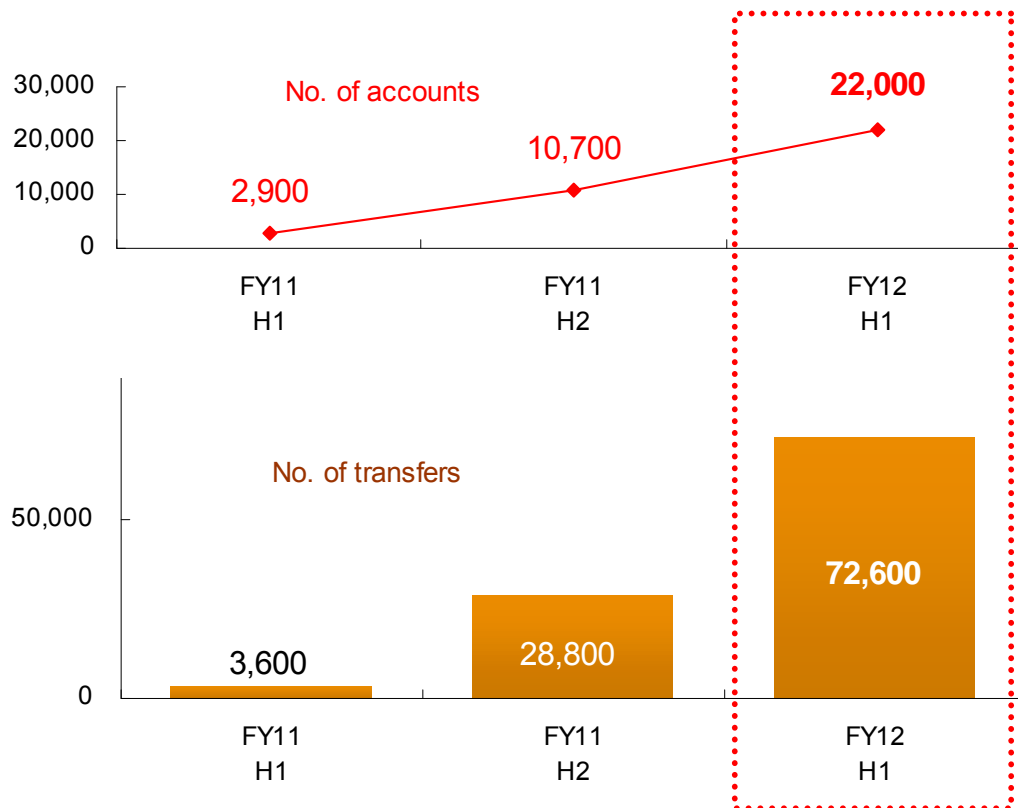


## Alliances launched with four banks in the first half of fiscal 2012

New alliances in the first half of fiscal 2012	New alliances from the second half of fiscal 2012	Not yet a partner
Hyakujushi Bank (Kagawa) May 2012	Tokushima Bank (Tokushima) Oct. 2012	13 banks
Nishi-Nippon City Bank (Fukuoka) May 2012	Kagawa Bank (Kagawa) Oct. 2012	
Hokuto Bank (Akita) May 2012	Ogaki Kyoritsu Bank (Gifu) Nov. 2012	
Senshu Ikeda Bank (Osaka) Aug. 2012	Toyama Bank (Toyama) Jan. 2013 (provisional)	
	Awa Bank (Tokushima) March 2013 (provisional)	
	Iyo Bank (Ehime) Spring of 2013	
	Shikoku Bank (Kochi) Spring of 2013	
	Ehime Bank (Ehime) Spring of 2013	

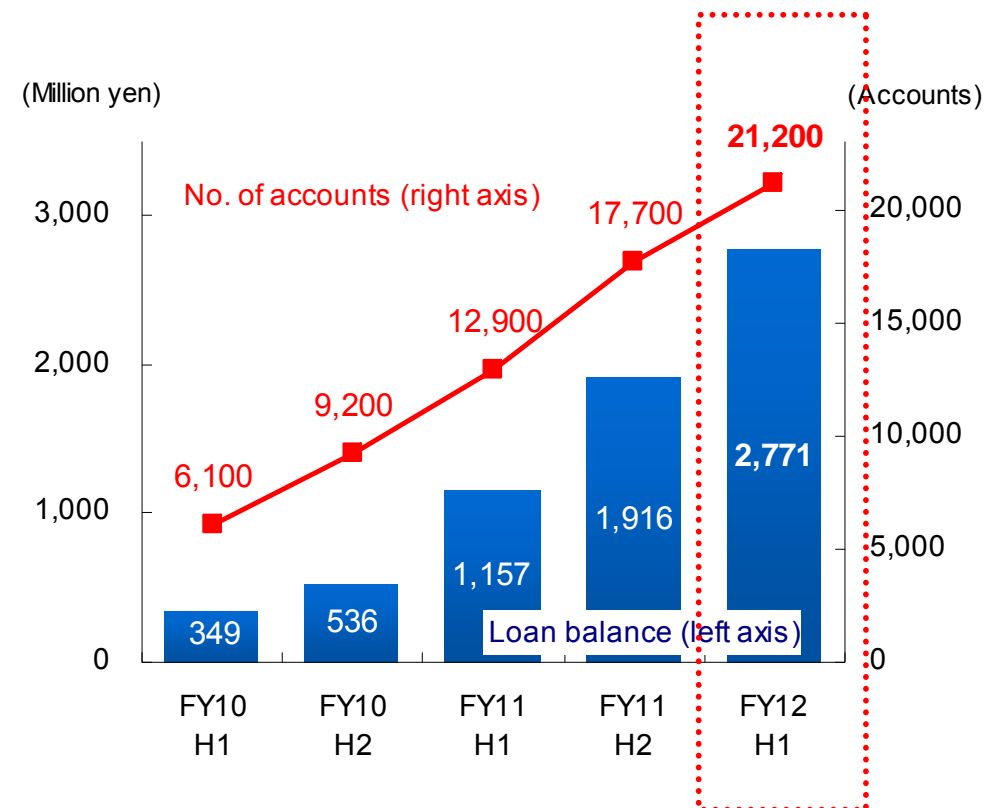
## International money transfer services

- Contracts increased in line with targets due to continuance of service sales at workplaces and event venues
- Number of accounts established through mail order increased due to improvement in multilingual call-center capabilities



## Personal loan services

- Organic growth in contract numbers by informing account holders of our services
- Loan balance steadily increased in line with increase in contracts



## Balance sheet as of Sep. 30, 2012

(Billion yen)

Cash and due from banks: 400.7 ①	Deposits: 369.8 ④
Securities: 98.9 ②	Bonds and borrowings: 118.0
ATM-related temporary payments: 172.7 ③	ATM-related temporary advances: 56.7 ⑤
Other: 85.6	Other: 81.9
	Net assets: 131.5
<b>Assets 758.0 (+105.1)</b>	<b>Liabilities + Net assets 758.0 (+105.1)</b>

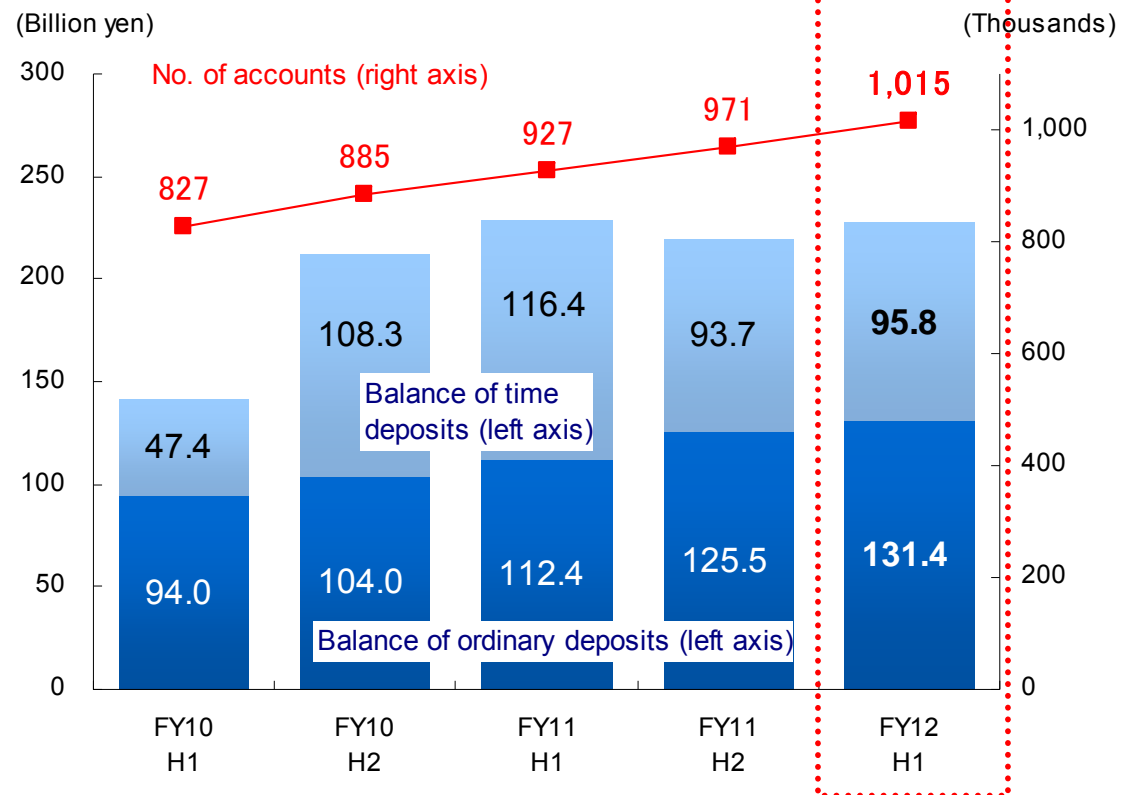
- ① Mainly cash placed in our ATMs
- ② Used mostly for exchange settlements and as collateral for overdrafts on Bank of Japan accounts
- ③ Occurs when a withdrawal is made from an ATM
- ④ Deposits held by individuals: ¥227.3 billion; corporate deposits: ¥96.3 billion
- ⑤ Occurs when a deposit is made at an ATM

Note: Figures in ( ) are compared with March 31, 2012, and are rounded off.

## Financial soundness and creditworthiness

Non-consolidated Tier 1 capital ratio (Domestic standard): 51.60% (Preliminary figure)  
 Credit rating (as of Sep. 30, 2012): AA- (Standard & Poor's)  
 AA (Ratings and Investment Information)

## Total of accounts held by individuals, and deposit balance



## Policy

Seven Bank aims to maintain a stable dividend payout, targeting a minimum payout ratio of 35% through twice-yearly payments

## Interim dividend

Dividend amount: 3.25 yen per share (total dividends of 3.8 billion yen), same as the plan at the beginning of the year  
 Dividend payment starts: December 3, 2012

## Dividends and dividend payout ratio



Note 1: From FY08, the Bank has paid dividends twice a year through interim and year-end payments

Note 2: On December 1, 2011, the Bank carried out a 1000-for-1 stock split (common shares). The table shows previous-year dividend payments assuming that the split had already taken place

Note 3: The year-end dividend for FY11 includes an extra commemorative ¥1 following our listing on the Tokyo Stock Exchange

## Overseas expansion FCTI (North America)



Seven Bank has acquired Financial Consulting & Trading International, Inc. (FCTI), one of the leading providers in the world's largest market for ATM services. Conversion of FCTI into a wholly owned subsidiary will spearhead our advance into the ATM services market in North America

## FCTI: Key facts as of Dec. 31, 2011

(\$1=¥80; yen sums are approximate)

Number of employees	35	
Number of ATMs	2,431	
Daily transactions per ATM	18	
Common stock	\$19 million	¥1.5 billion
Total assets	\$47 million	¥3.7 billion
Sales	\$42 million	¥3.3 billion
EBITDA	\$8 million	¥0.6 billion
Net loss	(\$2.1 million)	(¥0.16 billion)
Cost of acquisition	\$132 million	¥10.5 billion



# The ATM services industry in the US



## Number of ATMs

At 400,000 units, there are twice as many ATMs as in Japan. In the last two decades, the proportion of non-bank-owned ATMs has risen as banks increasingly turn to outsourcing. They now number roughly as many as bank-owned ATMs

This trend is set to continue, creating **business opportunities for ATM service providers**

## Industry structure

The market has more sub-categories than in Japan

**Earnings are high** even on meager daily transactions due to efficient, less labor-intensive operational model

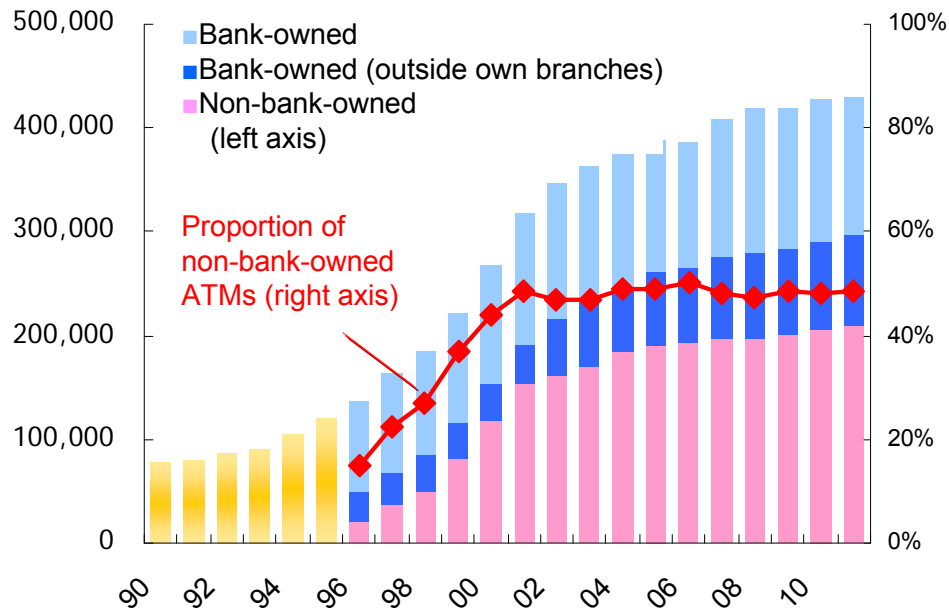
## ATM ownership

ATM owners set and receive customer fees. Because many service providers do not own their own ATMs, the business where an ATM is installed often receives the customer fees

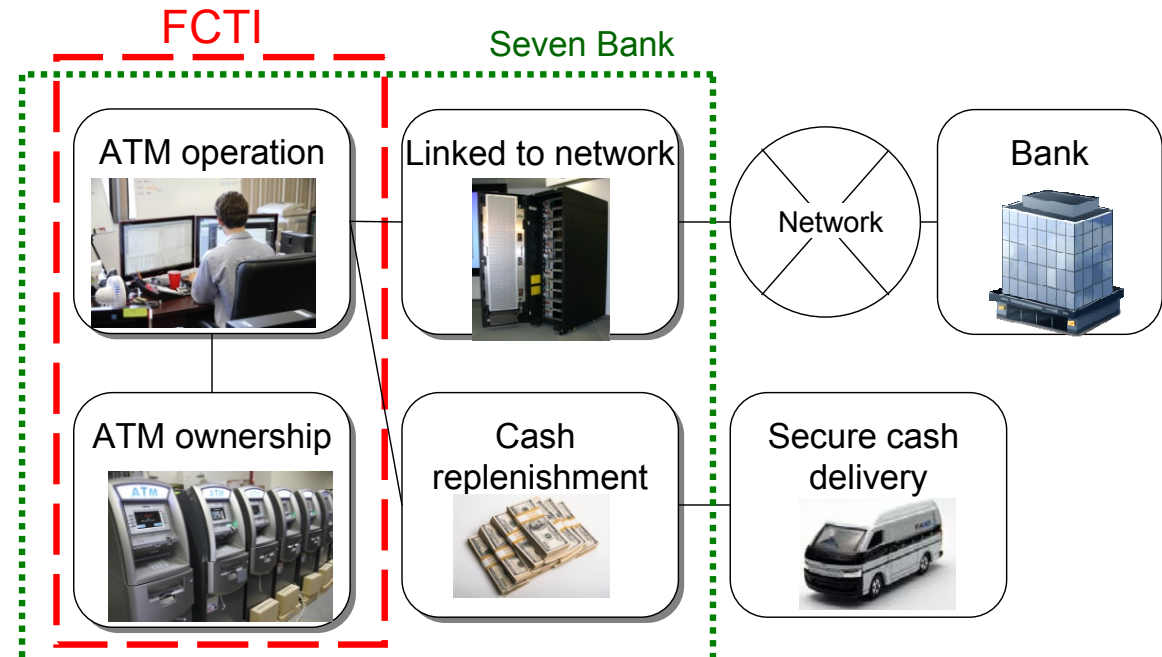
FCTI owns ATMs itself and has **stronger income flows than rivals**

## Number of ATMs installed in US

Based on Seven Bank research



## Differences in nature of business



- ATMs are installed all over the US, chiefly at truck stops where usage is frequent
- In addition to ATM network fees paid by financial institutions, FCTI gets customer fees from its own ATMs
- Low-cost operation due to use of basic ATM models

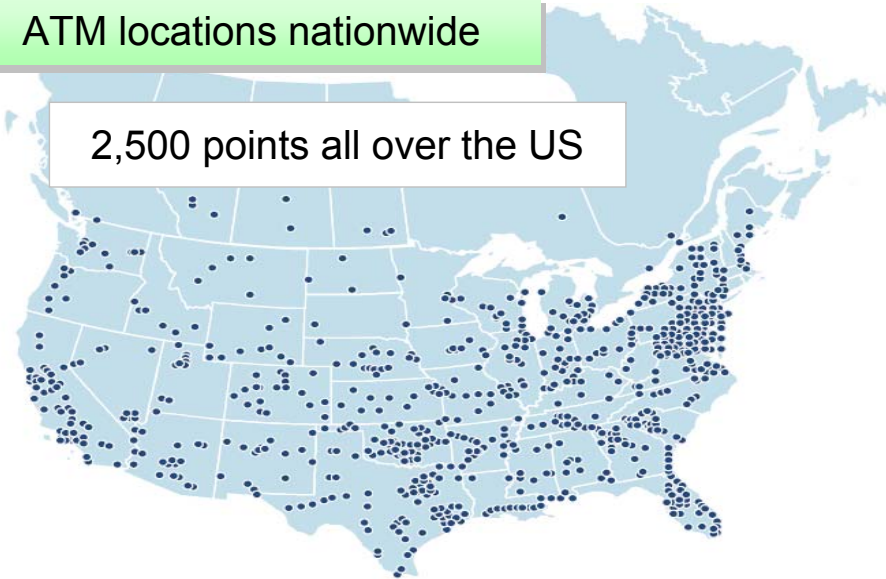
**High transaction volumes**

**High fee income per transaction**

**Low costs**

## ATM locations nationwide

2,500 points all over the US



## FCTI's ATMs



- Procurement chiefly from US and South Korean manufacturers (FCTI-owned ATMs)
- Low-cost model specializing in withdrawal services (ATMs only handle \$20 bills)
- Cash replenishment is outsourced (off-balance sheet assets)

## Looking ahead

- 3-month discrepancy in FY-end (March 31 for Seven Bank and December 31 for FCTI) to have negligible impact in current term
- Absorb know-how on low-cost ATM network operation
- Expand earnings by installing more ATM units: Seek out new locations for installation (without restriction) and consider operation of bank-branded ATMs