



Financial Results for the Second Quarter of Fiscal 2017

November 2017



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

FY17 Outlook

- **Income and profit increased** year on year in the second quarter
 - Ordinary income fell slightly short of the plan, but we worked to control expenses to achieve ordinary profit as planned
- We aim to achieve our **initial plan** on both a consolidated and non-consolidated basis
 - Japan
 - Vigorously promote measures in accordance with the Medium-Term Management Plan
 - Overseas
 - Full-scale rollout of the ATM business in the U.S., centered on 7-Eleven stores

Income Statement (Consolidated)

(Billion yen)

	FY16 Actual Results	H1 Results	FY17 H1 Results	Changes from FY16 H1 Results	FY17 Plan	H1 Plan
Ordinary income	121.6	61.2	62.2	1.0	130.8	62.7
Ordinary expenses	84.8	42.1	42.3	0.2	92.1	43.4
Ordinary profit	36.7	19.1	19.8	0.7	38.6	19.2
Net income	25.1	12.9	13.6	0.7	26.4	13.1

Notes:

1. Amounts less than one hundred million yen have been truncated.
2. Previous-year comparisons are based on the units used in these materials.
3. Exchange rates per USD 1 on the consolidated income statement
FY16 = ¥108.78, FY17 H1 = ¥112.34, FY17 Plan = ¥110.00
4. Net income is net income attributable to owners of the parent.

Income Statement (Seven Bank)

(Billion yen)

	FY16 Actual Results		FY17 H1 Results		FY17 Plan	
	FY16 Actual Results	H1 Results	FY17 H1 Results	Changes from FY16 H1 Results	FY17 Plan	H1 Plan
Ordinary income	113.1	56.8	58.1	1.3	117.0	58.5
ATM-related fee income	103.7	52.3	53.2	0.9	106.0	53.3
Ordinary expenses	74.1	36.7	36.6	(0.1)	76.0	37.9
Interest expenses	0.9	0.4	0.3	(0.1)	0.8	0.3
ATM placement fee expenses	13.8	6.9	7.1	0.2	14.6	7.2
Outsourcing expenses	17.8	8.9	9.1	0.2	18.5	9.3
Maintenance fees	4.0	2.0	2.1	0.1	4.2	2.1
Depreciation and amortization	17.5	8.6	7.8	(0.8)	16.1	8.0
Ordinary profit	38.9	20.0	21.5	1.5	41.0	20.5
Extraordinary gain (loss)	(0.1)	(0.0)	(0.0)	0.0	(0.1)	(0.0)
Income taxes	11.8	6.1	6.6	0.5	12.5	6.3
Net income	26.8	13.8	14.8	1.0	28.3	14.2
EBITDA	56.5	28.6	29.3	0.7	57.1	28.6
No. of ATMs installed at end of term (units)	23,368	23,029	23,873	844	24,300	23,800
ATM-related fee income per transaction (yen)	133.1	133.1	133.0	(0.1)	133.0	132.3
Daily average transactions per ATM (transaction/ATM/day)	95.5	97.0	95.3	(1.7)	94.3	95.9
Total no. of transactions (million)	796	401	409	8	815	412

Note: EBITDA = Ordinary profit + Depreciation and amortization

Income Statement (FCTI)

(Million US\$)

	FY16 Actual Results		FY17 H1 Results		Changes from FY16 H1 Results		FY17 Plan	
	FY16 Actual Results	H1 Results	FY17 H1 Results	Changes from FY16 H1 Results	FY17 Plan	H1 Plan		
Ordinary income	77.6	38.9	35.9	(3.0)	122.8	37.2		
Ordinary expenses	84.2	40.9	43.5	2.6	130.6	43.1		
Ordinary profit	(6.6)	(1.9)	(7.6)	(5.7)	(7.8)	(5.9)		
Net income	(4.3)	(1.3)	(4.9)	(3.6)	(5.0)	(3.7)		
EBITDA	0.2	1.5	(4.6)	(6.1)	3.5	(3.0)		
No. of ATMs (Units)	6,227	6,437	5,674	(763)	12,640	4,500		

Note: Number of ATMs installed as of September 30, 2017: 7,789
(2,162 installed at 7-Eleven stores, 4,652 directly owned, and 975 owned by location where installed)

Income Statements (Subsidiaries in Indonesia and Japan)

ATMi

(Million yen)

	FY16 Actual Results		FY17 H1 Results		Changes from FY16 H1 Results	FY17 Plan	
		H1					H1
Ordinary income	49	23	35	12	127	50	
Ordinary expenses	131	66	85	19	224	100	
Ordinary profit (loss)	(82)	(42)	(50)	(8)	(97)	(50)	
Net income (loss)	(47)	(27)	(34)	(7)	(72)	(37)	

BBF

(Million yen)

	FY16 Actual Results		FY17 H1 Results		Changes from FY16 H1 Results	FY17 Plan	
		H1					H1
Ordinary income	815	403	436	33	926	460	
Ordinary expenses	833	406	429	23	894	440	
Ordinary profit (loss)	(18)	(3)	7	10	32	20	
Net income (loss)	(18)	(3)	6	9	20	13	

Notes: 1. Exchange rate per IDR 100:

FY16 = ¥0.817, FY17 H1 = ¥0.843, FY17 Plan = ¥0.900

2. 135 ATMs installed as of September 30, 2017

Financial Position (Seven Bank) and Dividend Policy

Balance sheet as of September 30, 2017

(Billion yen)

Cash and due from banks: 668.0 (for ATMs, etc.)	Deposits: 615.0 (Individual deposits: 401.3)
Securities: 94.3 ATM-related temporary payments: 147.4 Other: 79.0	Bonds and borrowings: 90.0 ATM-related temporary advances: 56.7 Other: 18.6 Net assets: 208.4
Assets: 988.7	Liabilities + Net Assets: 988.7

Non-consolidated capital ratio
(Domestic standard): 55.2% (Preliminary figure)

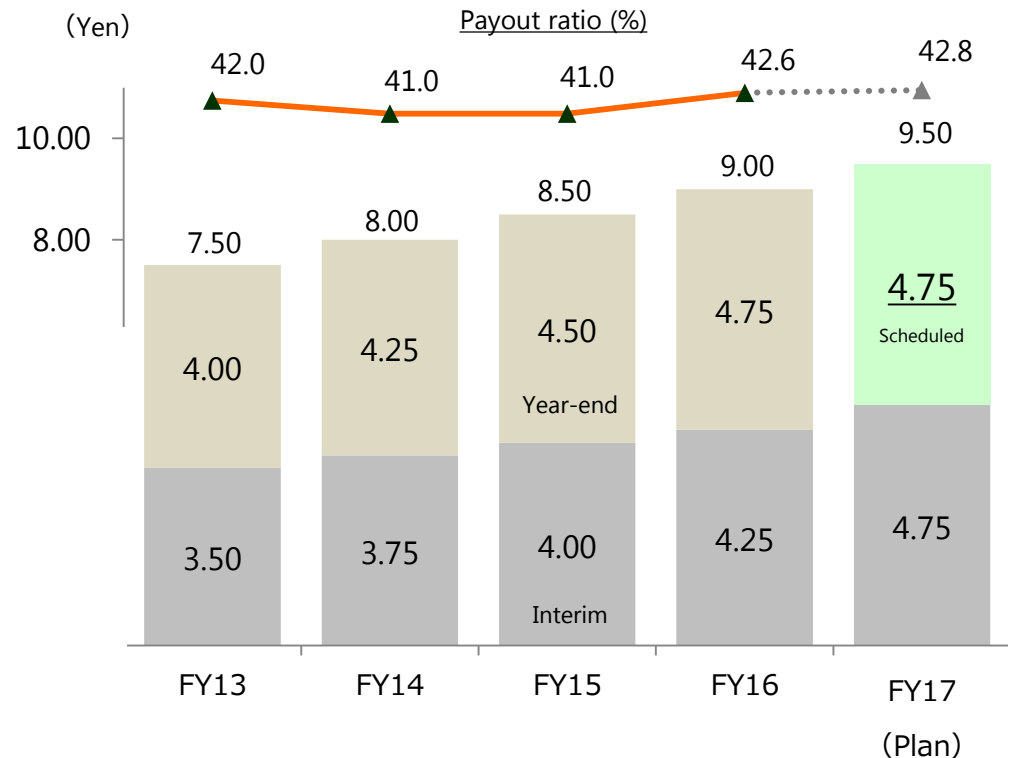
Credit rating
 S&P A+
 R&I AA

Dividend policy

Targeting a minimum consolidated payout ratio of 40% through twice-yearly payments

Interim dividend

Dividend amount: ¥4.75 per share (total dividends paid ¥5.0 billion)
 Dividend payment start: December 1, 2017



FY17-FY19

Medium-Term Management Plan
【Status of Progress】

Achieve Growth in Our Main Business as We Diversify Our Operations

ATM Platform Business

Create new styles of ATM usage

Settlement and Account Business

Provide financial services that meet the needs of the 22 million customers who visit Seven & i Group stores each day

Overseas Business

Get U.S. operations on their way, establish a solid platform in Asia

ATM Platform Business

Main measures and status of progress

Achieved plan for number of ATMs installed,
but fell short of plan for transactions

Making progress in creating new styles of ATM usage according to plan

Steady expansion of scale

- Increased number of ATMs as planned
- Worked to raise efficiency through S&B, increase in sites with multiple installations

Further improvement in quality

- Focused on expanding smartphone transactions, banks that offer fund transfers
- Improved ATM usage environment at Seven-Eleven installations

Create new styles of ATM usage

- Series of partnerships in new categories
→ SoftBank Payment, LINEPay
- Scheduled start of cash receipt service (next spring)

FY19 Plan
Ordinary income

**+¥15.0
billion**

**+¥15.0
billion**

ATM fee-
related income
¥103.7
billion
Existing-
style
transactions

New-style
transactions

Existing-
style
transactions

2016

2019

11

Cash receipt service

Meeting needs for remittances

- Meet needs for delivery of funds from businesses to individuals 24 hours a day, 365 days a year



- Sales proceeds, rewards (auctions, flea markets, sharing business, etc.)
- Refunds (E-commerce mail order, tickets, train/airline tickets, etc.)
- Spot payments (Prize campaigns, etc.)
Meet other diverse needs
- Establishment of a subsidiary to operate the business with service to start next spring

Overview of subsidiary

- Company name Seven Payment Service, Ltd.
- Date of establishment January 2018 (scheduled)
- Business description Fund transfers
- Equity ownership Seven Bank, Ltd. 100%

Development of partners and support for users

Settlement and Account Business

Main measures and status of progress

Existing services proceeding as planned, new services also started

Personal loan

- Increase in loan balance as planned
- Steady increase in users

International money transfer

- Strong increase in number of transfers
- Start of transfers to Philippines via smartphone app

Debit

- Steady growth in number of accounts and transactions
- Increase unit price per use by strengthening promotion of use at stores outside the Seven & i Group

Acceptance of cash proceeds from sales

- Steady increase in customers and fee income
- Currently expanding services for general businesses

FY19 Plan
Ordinary income

**+ ¥5.0
billion**

Real-time money transfers (Instant fund transfers using API)

- November 2017

Doreming Ltd. to start providing instant wage payment service using Seven Bank's real-time money transfer function

First example of open innovation led by Seven Labo

Overseas Business

FCTI

Full-scale start of ATM installations at U.S. 7-Eleven stores from August 2017

2,162 installations completed as of September 30, 2017

Number of U.S. 7-Eleven stores: 8,064 (as of August 31, 2017)

FY19 Plan
Ordinary income

7-Eleven

- ✓ Measures to increase customers
 - Increase in surcharge-free transactions
 - Contracts with surcharge-free networks (MoneyPass, CO-OP)
 - With FCTI's patented technology, display that there are no fees at the start of the transaction
 - Increase in banks that use ATMs for their branding
 - Partner with banks with high recognition in each area
 - Currently two banks; successively add more

Other than
7-Eleven

- ✓ Improve profitability
 - Directly owned ATMs: Prioritize ensuring profit when entering/renewing contracts
 - ATMs owned by location where installed: Schedule a series of reorganizations, including disposal by sale

**+¥20.0
billion**

Group Financial Strategy

Strategic Points

Reprint

Materials disclosed on May 13, 2017

Provide settlement services to 22 million store customers each day

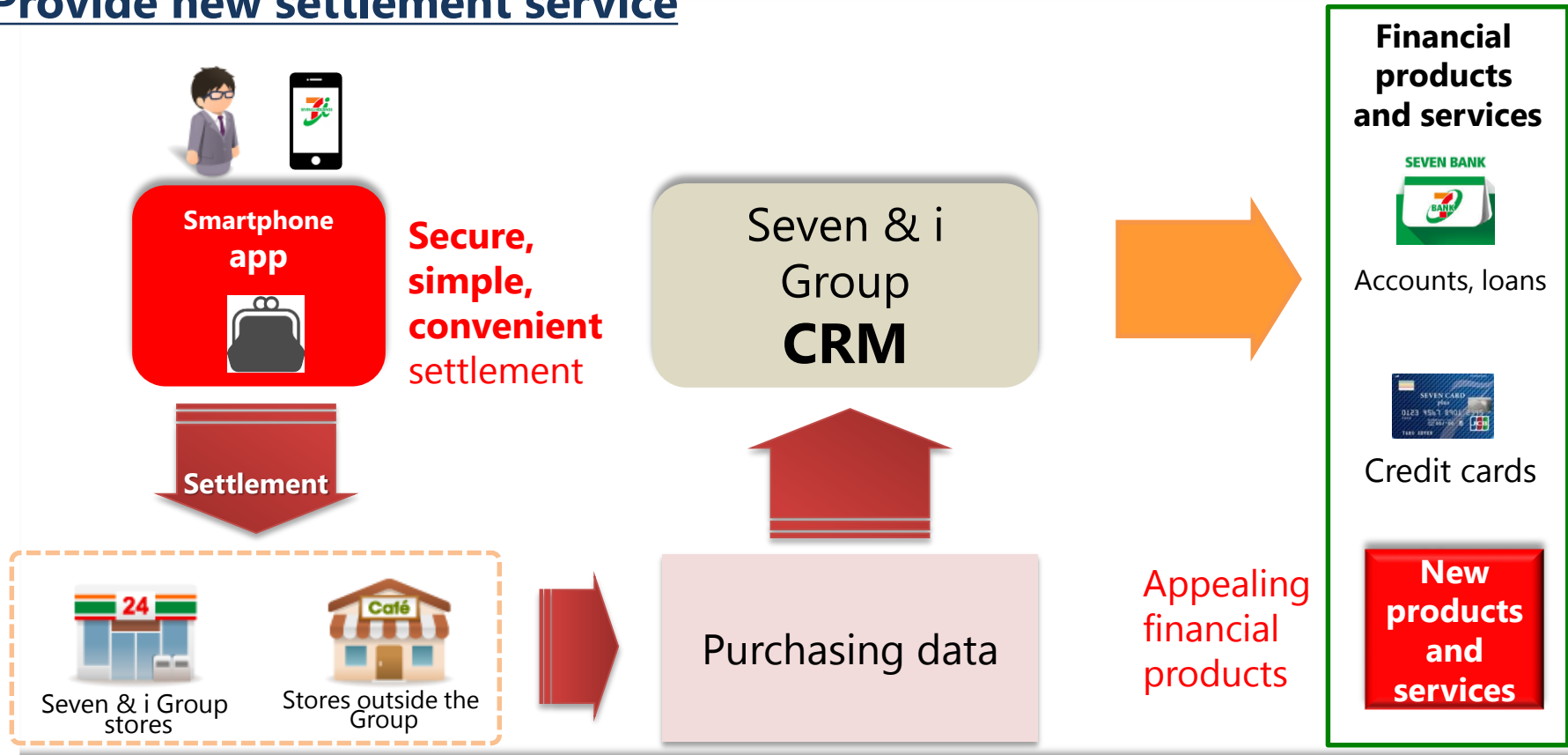
Build a new settlement platform for more convenient shopping

Provide financial services suitable for the Seven & i Group

Develop new "close at hand and convenient" financial products with good value

Work to create new financial services
that integrate financial companies with retail outlets

Provide new settlement service



Points for the rollout

- ① Seven & i Group stores
- ② Stores outside the Group
- ③ Proposals of financial products and services

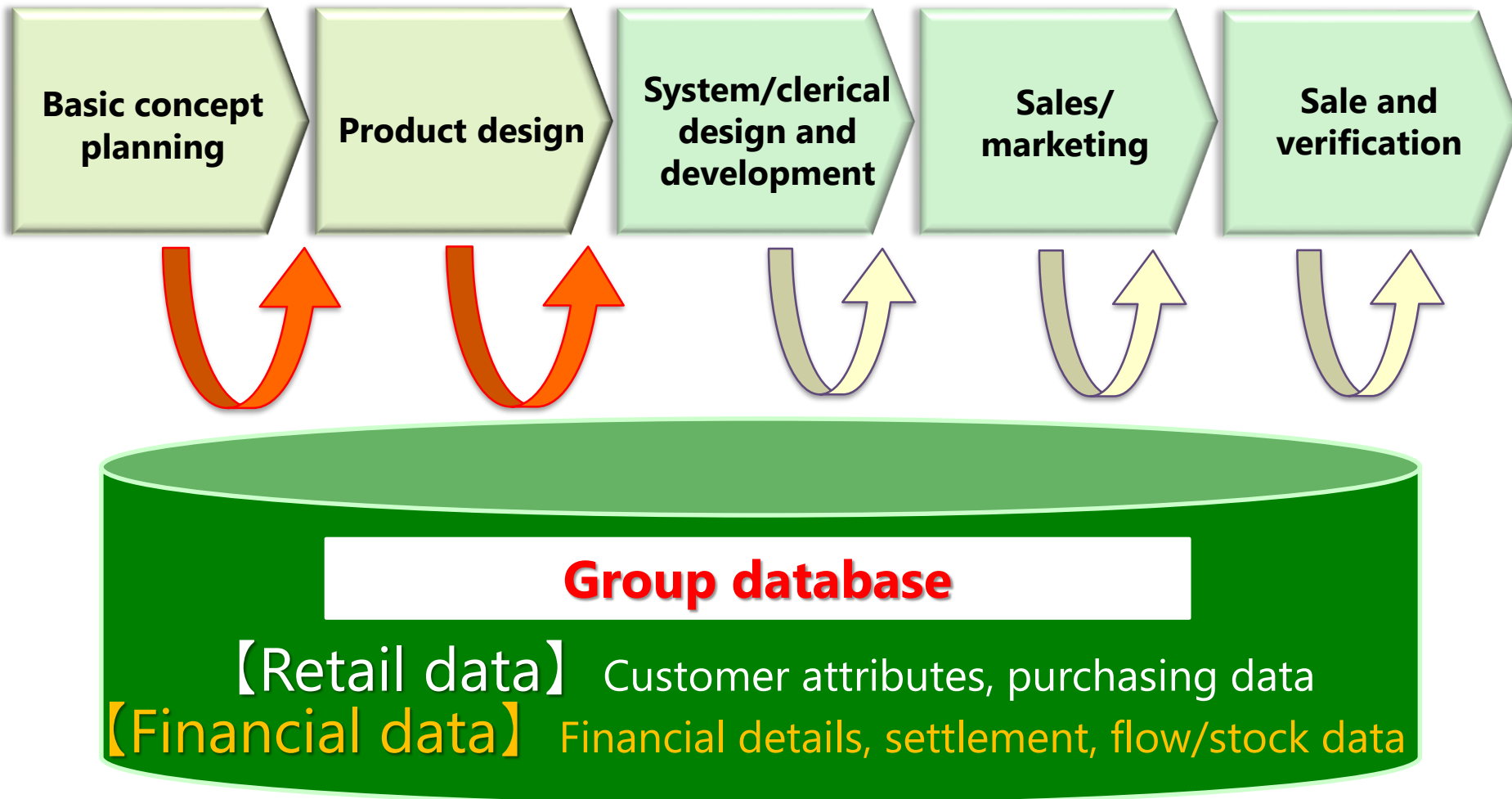
Provide settlement services/
Collect purchasing data

Development of new
products and services

One-to-One marketing

Creation of financial services

Development and sales process for new products and services

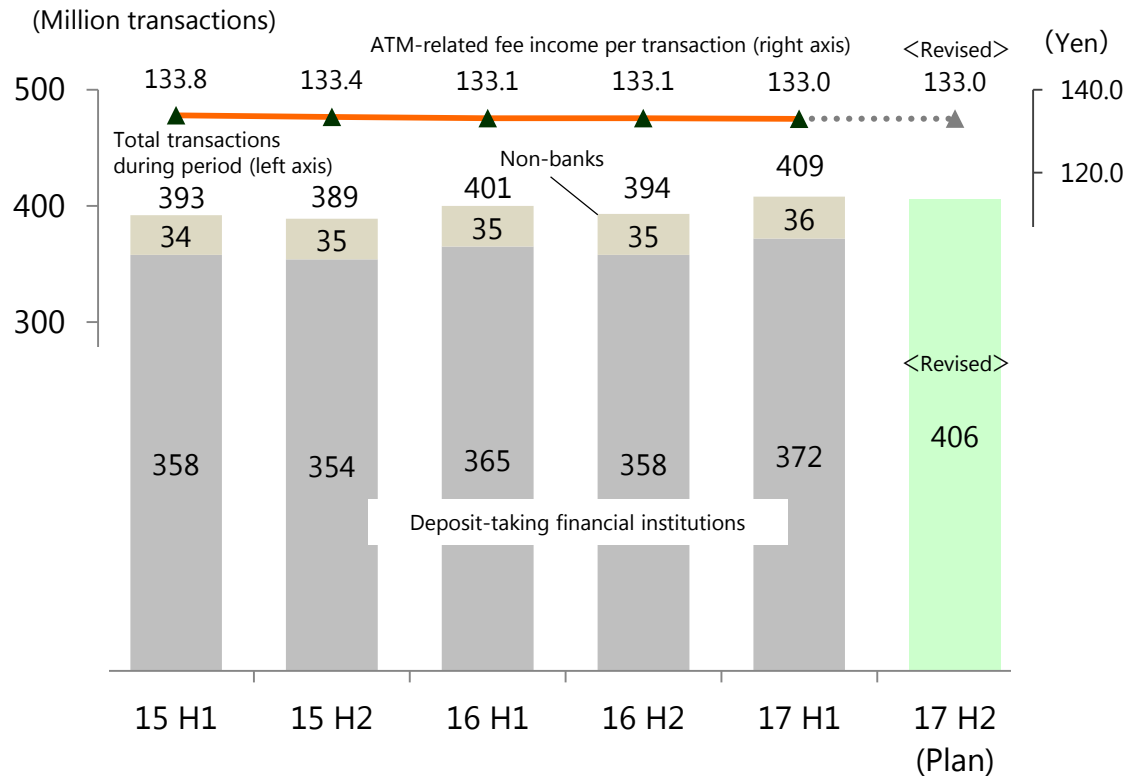


Reference Materials (Seven Bank)

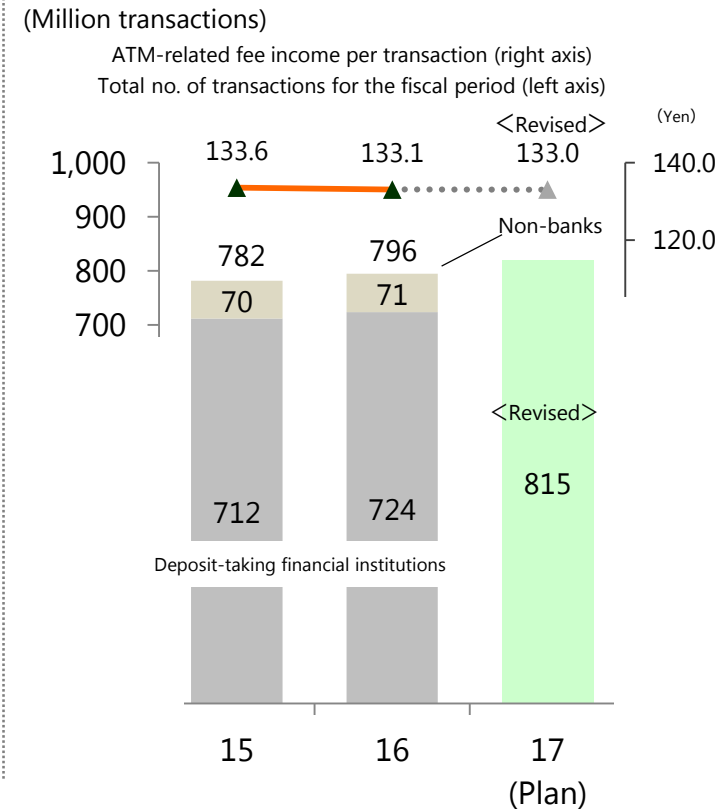
Second Quarter of Fiscal 2017

ATM Usage and Fee-Related Income per Transaction

Half-year results

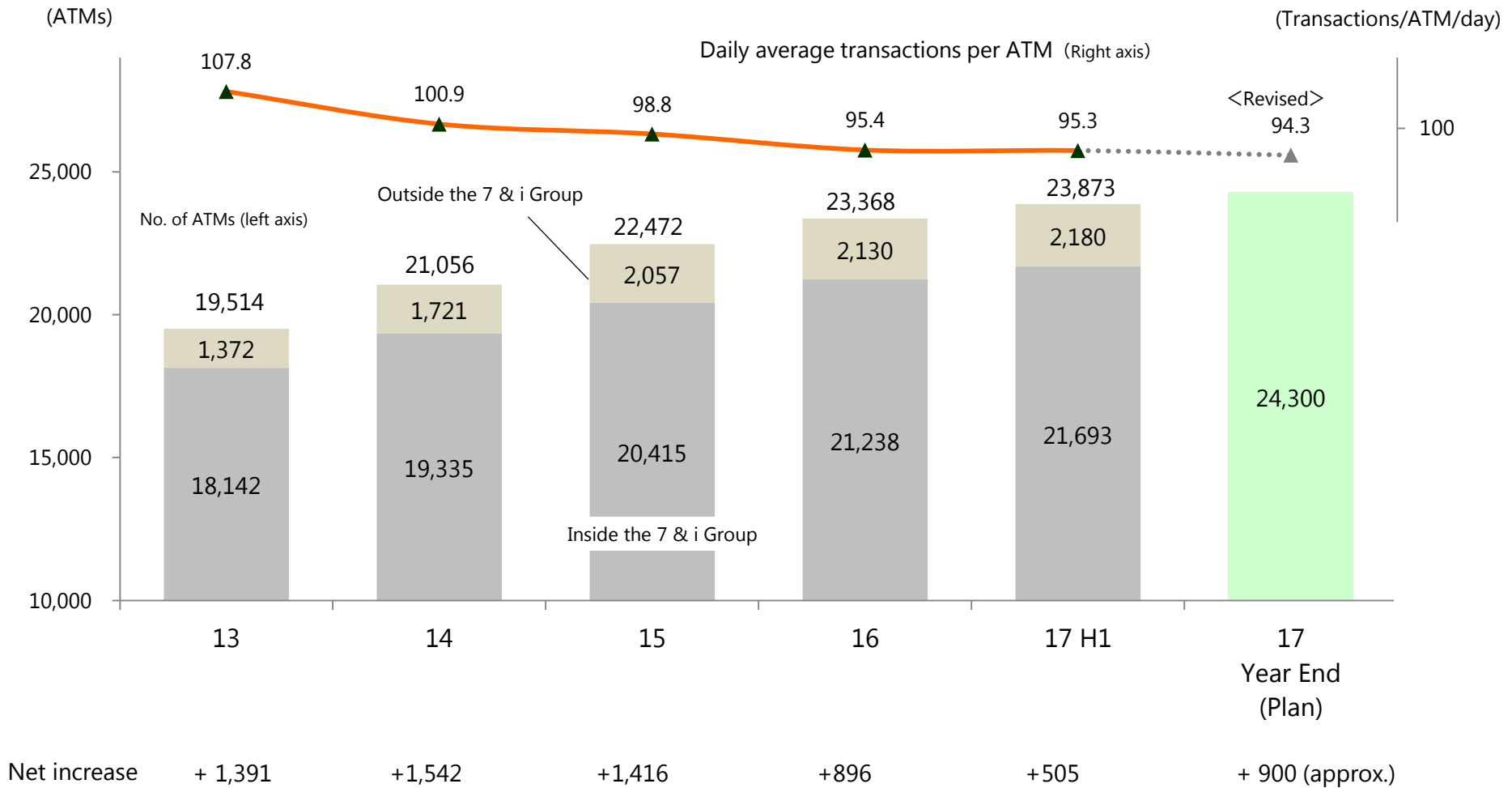


Full-year results



Note: Daily average transactions per ATM for the period excludes balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.

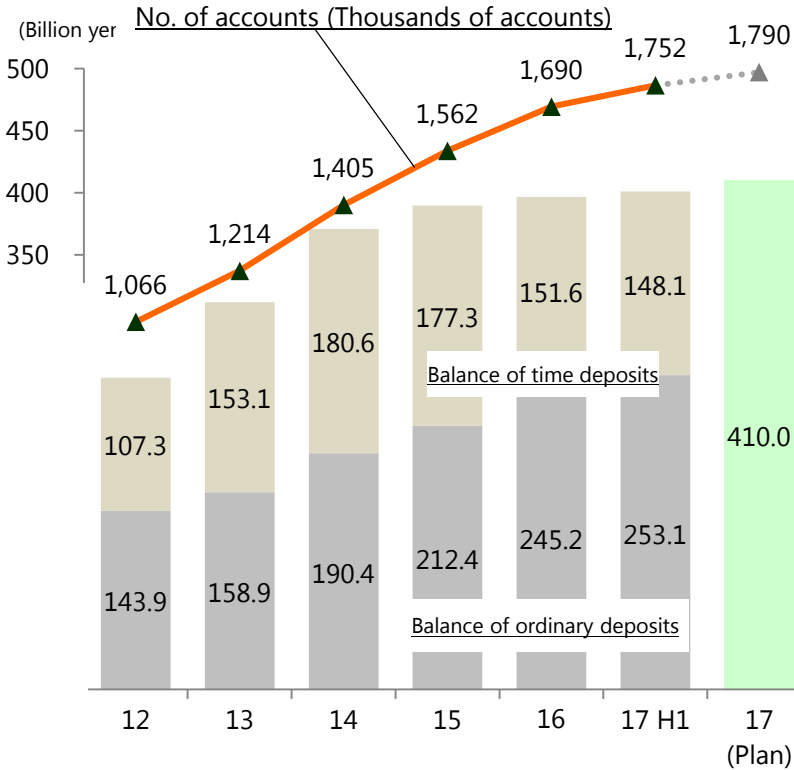
Number of ATMs and Daily Average Transactions



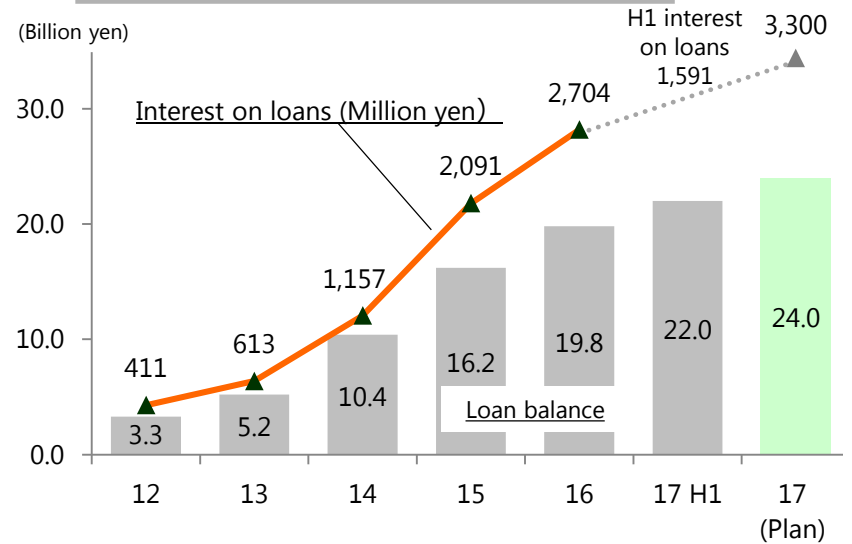
Note: Daily average transactions per ATM for the period excludes balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.

Settlement and Account Business

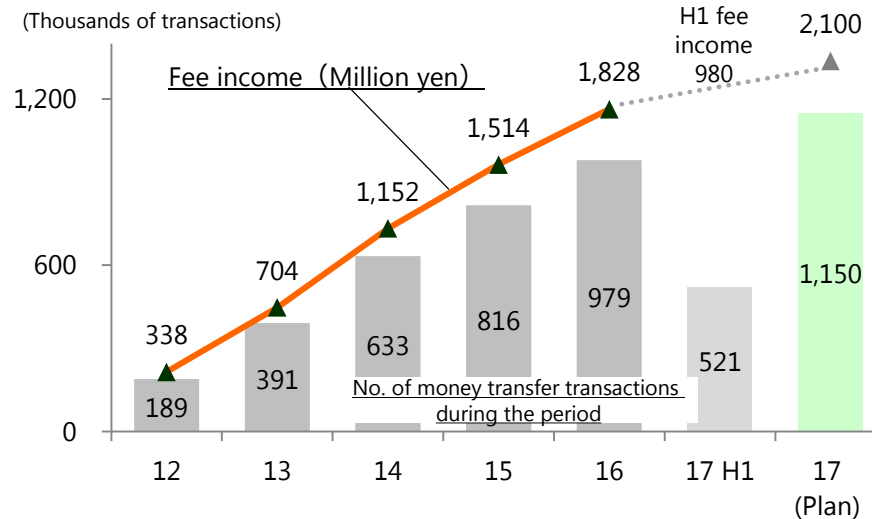
Number of individual accounts and balance of deposits



Personal loan services



International money transfer services



Debit services

	FY17 H1	FY17 (Plan)
Accounts (Thousands of accounts)	237	350
Number of transactions (Thousands of transactions)	2,808	9,000



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