

Financial Results Briefing for the Second Quarter of Fiscal 2013
Key Questions and Answers

Q1 Could you tell us something about your planning assumptions for the second half? What possible impact do you see from the fact that some banks intend to charge for convenience store ATM use or limit the number of ATM uses without charging any transaction fee?

A1 We see the positive and negative earnings impacts balancing each other out, with the falloff in the number of transactions due to revised customer fees at certain of our partner banks offset by higher fee income per transaction. We do not make any precise assumptions, because we can find no completely analogous cases for this in our past figures. We will make another trial calculation when the impact of the change in fees is clearer.

Q2 Regarding the change in customer fees by certain of your partner banks, have any other regional banks or financial institutions shown signs of following suit?

A2 We have not heard anything specific about that at the moment.

Q3 I believe that ATMs have already been installed at 7-Eleven stores in North America, so how are you planning to differentiate Seven Bank ATM services from your rivals'? Also, what expectations do consumers and owners of 7-Eleven stores in America have of Seven Bank ATMs?

A3 What 7-Eleven stores in the United States want to see is a contribution in terms of, for example, services which increase the number of customers coming into the stores, and they also want a better revenue environment. We believe that the key to differentiation lies in responding rigorously to such demands. We think it is also necessary to prioritize two-way communication, so as to fully understand what the other side wants.

There are some users of 7-Eleven store ATMs in the United States who will want to use the service without any transaction fee.. We think that one important issue in installing ATMs in convenience stores in the United States is enabling free usage of the services for a wider range of banks and cards. At the same time, the main wish of the store owners is that ATM installation will increase the number of store visitors. In other words, if we install easy-to-use ATMs that meet user needs, the number of convenience store shoppers will increase. Recently, one theme we have been thinking about is how to incorporate prepaid-card usage into ATM services.

- Q4 You have left the full-year targets unchanged in this earnings briefing, but is there any chance of revising the full-year forecasts after you have had a chance to look at the impact of revision of customer fees at certain partner banks?
- A4 At the time of the announcement of our third-quarter results in February 2014, we think we will be able to reveal some specific figures based on such impact at that point in time.
- Q5 Turning now to the dividend, you announced an increase in the dividend in March for the previous fiscal year. How are things looking in the current fiscal year?
- A5 As things stand, we are not planning to make any change to our annual dividend of ¥7, because the dividend payout ratio at 40% or so is already above our floor of 35%, and there has been no major factor or event prompting us to change the payout during the current fiscal year.
- Q6 The reason why you have been able to install your ATMs at the Juroku Bank, Ltd. is that they can handle overseas cards. Do you see any obstacles to other financial institutions doing the same thing (offer ATMs that can handle overseas cards)?
- A6 With Seven Bank ATMs, magnetic strips on either side of the card can be read. But with many of the ATMs of other financial institutions, only one side of the card can be read. The magnetic strip in Japan is on the other side than many overseas cards, and other financial institutions in Japan are only able to handle ATMs which follow Japanese strip specifications. We think it would be quite expensive for them to make changes enabling their machines to read overseas cards.
- Q7 How is the rollout of your ATM business in Indonesia going?
- A7 In Indonesia, the demand for cash is strong, and local banks are aggressively trying to ramp up the number of their own ATMs. But if they are unable to meet the demand alone, there will be room for companies in Indonesia other than banks to enter the market. This would be much the same as the process by which we established our own ATM business in convenience stores in Japan. Additionally, because our new partner ALTO NETWORKS has its own network, we see feasibility in adding various new services using the ALTO network that go beyond ATM operations tailored to cash demand. We want to create a convenient ATM service environment for customers in Indonesia.