

FY03/09 Results Meeting Key Q&A

Q: In your medium-term plan, why have you not disclosed targets for ordinary profit and net income?

A: Currently there are a number of factors, including new strategic projects, which make it difficult to forecast specific figures, so we decided not to disclose these. For our internal purposes we have formulated a medium-term plan based on profits from existing businesses only, and even based on profits from existing businesses we expect that we can achieve steady growth in income and profits in each year of the plan.

Q: How is your ATM outsourcing business from partner financial institutions progressing?

A: We are currently negotiating several such projects and we are consulting with our clients about the best way to respond to their needs, which naturally vary from site to site and from client to client, and also the necessity of adding new functions to our existing ATMs. Once we have concluded these discussions and made our own internal arrangements, we may be able to announce specific projects during the course of the first half of the current term.

Q: Why are you expecting the average ATM usage commission per transaction to fall so heavily in the current term? Also, what is the scale of the decline in the non-bank usage weighting in overall usage volume that you have incorporated in calculating this amount?

A: There are two factors behind the forecast decline. The first is a reduction in the proportion of non-bank usage in total usage volume; the second is an increase in the number of customers using our ATMs on the same terms as if they were using the ATMs of their own banks; that is to say, using our ATMs without paying commissions during normal weekday working hours in exactly the same way as they are able to use their own banks' ATMs without being charged commissions for the service. As a result of these two factors, we anticipate that the average usage commission amount will decline to 148 yen in the current term.

Q: You seem to be forecasting non-bank usage to decline more sharply than you were previously forecasting – why is this?

A: This is due to the full implementation of the Money-Lending Law which we think means that there is a possibility that in order to respond to so-called quantitative restrictions limiting credit limit balances the non-banks may, from a financing perspective, reduce their own credit limit balances.

Q: Why are you expecting average usage volume growth of 2% throughout the course of the year in your projections for the current term?

A: The current usage situation is very volatile and is proving difficult to forecast as a result. Consequently, we have set our forecasts at a relatively conservative level.

Q: You have a lot of redemptions and repayment of long-term financing coming up in the current term. Is the refinancing of this funding incorporated in your plans?

A: Yes, it is.

Q: It appears that an increase in ordinary expenses of approximately 1.4 billion yen is projected but not included in the breakdown of specific items included in your presentation materials – what is this?

A: This is mainly personnel and telecommunications expenses. We believe that we can control our labour costs, however, and so we are continuing to monitor personnel costs closely and are aiming to restrict our hiring. On the other hand, as our business volume expands and the number of ATMs increases, telecommunications costs will rise in response to increased usage but these are costs which are a natural corollary of earnings growth.

Q: In terms of installations outside the Group, which areas are you particularly focusing on?

A: We are concentrating on installations in sites that promise to deliver high usage frequency. Our experience up to now suggests that rail stations and commercial facilities such as retail outlets have high levels of usage frequency and so locations of this type will probably continue to form the focus of our activities for the foreseeable future.