

FY2010 Results Meeting Key Q&As

Q. What are the main reasons why ordinary expenses in fiscal 2010 were 1.3 billion yen lower than your forecast?

A. We succeeded in restraining non-essential, discretionary spending and improving the efficiency of our operations, and as a result expenses declined overall.

Q. Other banks plan to suspend operation of some ATMs to conserve energy. Will this help to boost Seven Bank's revenues in fiscal 2011?

A. Whether other banks will suspend operation of ATMs and by how much is uncertain, so we can't foresee what impact such action may have. This has therefore not been incorporated into our revenue forecasts.

Q. Is there a possibility Seven Bank will buy back more shares or increase dividends?

A. We will consider buybacks in light of prevailing trends and conditions, and also discuss our parent company's ownership stake in Seven Bank as necessary. As for dividends, our policy is a minimum payout ratio of 35%, and we intend to set dividends based on our profit outlook.

Q. In the profit plan announced by Seven & I Holdings Co., Ltd., the expected impact of the Great East Japan Earthquake on their finance-related business is stated at about 3.0 billion yen. Is this mainly related to Seven Bank, and is this amount factored into Seven Bank's forecast for fiscal 2011?

A. I think the majority of the impact is from our operations. With regard to the impact on Seven Bank, uncertainty was high immediately after the disaster, and we initially anticipated a significant impact due to the suspension of some ATM services, rolling power blackouts, and generally low consumer sentiment. However, we booked an extraordinary loss in fiscal 2010, and the decline in ATM transactions eased off in March. Judging from the pace of recovery of our ATM operations and the recovery in transaction volume, we do not believe that the impact in fiscal 2011 will be as large as we initially thought.

Q. Regarding your international money transfer service, what are your forecasts on customers' average transfer amounts?

A. We expect most use to come from customers remitting part of their monthly salary back to their home country, so we see the average amount being around 50,000–100,000 yen.

Q. If the international money transfer service's transaction volume does not increase, will you

consider revising the transfer charges?

A. We set the charges in consideration of competitors' fees and the burden on customers, among other factors, and we do not plan to change the charges in immediate response to transaction volume trends.

Q. How much depreciation do you expect to book in relation to the rollout of 3G ATMs?

A. Depreciation will increase with the rollout of the 3G ATMs, and we expect it to peak in fiscal 2014. On the other hand, the faster speeds of the 3G ATMs will lead to a higher number of transactions and help to lower our costs, so we will control the rollout schedule with overall benefits in mind.

Q. Do you expect the lower revenues from the decline in transactions with non-banks to continue in fiscal 2012 and beyond?

A. We expect the revenue declines to narrow from the second half of fiscal 2011, but we still expect the decline to continue.