

Ordinary revenues in Second Quarter were down 8.3% YoY due to Seven Bank and Corona crises. The number of ATMs used is currently recovering.

We will report on the details of Seven Bank, Ltd. 2021 second quarter results briefing held on November 9, 2020.

[Speakers]

Seven Bank, Ltd. President and Representative Director Yasuaki Funatake

Financial Results Digest for Second Quarter of Fiscal Year Ending March 31, 2021 (i)
Financial Results Digest for Second Quarter of Fiscal Year
Ending March 31, 2021 (i)

Second Quarter of Fiscal Year Ending March 31, 2021

➤ **Both consolidated and non-consolidated (Seven Bank) ordinary income and profit declined**

- **Improving trend** since 2Q as economic activities recovered

Year-on-year		1Q	2Q	1H
		Apr.-June	July-Sept.	Apr.-Sept.
Consolidated	Ordinary income	(10.3%)	(6.3%)	(8.3%)
	Ordinary profit	(24.4%)	15.0%	(6.7%)
Non-consolidated	Ordinary income	(11.0%)	(5.6%)	(8.3%)
	Ordinary profit	(28.2%)	(18.5%)	(23.2%)

- Number of ATM transactions declined mainly due to **the coronavirus crisis**

Year-on-year		1Q	2Q	1H	
Total no. of ATM transactions during the period	Japan	Apr.-June	July-Sept.	Apr.-Sept.	
		(4.8%)	(1.8%)	(3.3%)	
	U.S. (SEI)	Jan.-Mar.	Apr.-June	Jan.-June	(Reference) July-Sept.
		(0.9%)	(2.2%)	(1.6%)	12.6%

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3

Funatake (Yasuaki): Hello everyone. This is Funatake of Seven Bank. Thank you for gathering so many people today despite your busy schedule. I would like to explain the results for the second quarter of the fiscal year ending March 2021 in accordance with the materials.

First, on page 3 of the materials, we summarize the major figures in the financial results digest. In the interim period under review, both consolidated and non-consolidated revenues and profits declined on an ordinary basis. The first and second quarters of the fiscal year under review are shown separately. As you can see, the situation has shown a slight improvement since the second quarter. On a cumulative basis for the first half of the fiscal year, consolidated ordinary revenues were negative 8.3% compared to the previous year, and ordinary income was negative 6.7%. On a non-consolidated basis, Seven Bank posted ordinary income of minus 8.3% and

ordinary income of minus 23.2%. In addition, the number of ATMs used, our core business, was negative 4.8% in the first quarter compared with the same period of the previous fiscal year and negative 1.8% in the second quarter, resulting in a negative 3.3% in the first half cumulative period due to the impact of the spread of the new corona viral infectious disease.

In the U.S., the period from January to June is the interim period, and the impact of the spread of the new corona infectious disease was significant in the period from April to June, with a negative 2.2% and a negative 1.6% for the first half cumulative period. Since the summer of July through September, sales have actually increased year on year, reaching a positive 12.6%.

Financial Results Digest for Second Quarter of Fiscal Year Ending March 31, 2021 (ii)

Financial Results Digest for Second Quarter of Fiscal Year
Ending March 31, 2021 (ii)

FY2020 Plan

➤ No change to either consolidated or non-consolidated plans

- Can hardly be optimistic about the future impact of the coronavirus crisis on the business environment
- Performing in line with expectations so far

FY2020 dividend forecast

➤ No change from the initial plan

- Interim dividend: ¥5.50 per share
(Year-end dividend of ¥5.50 per share for annual dividend of ¥11.00 is planned.)

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4

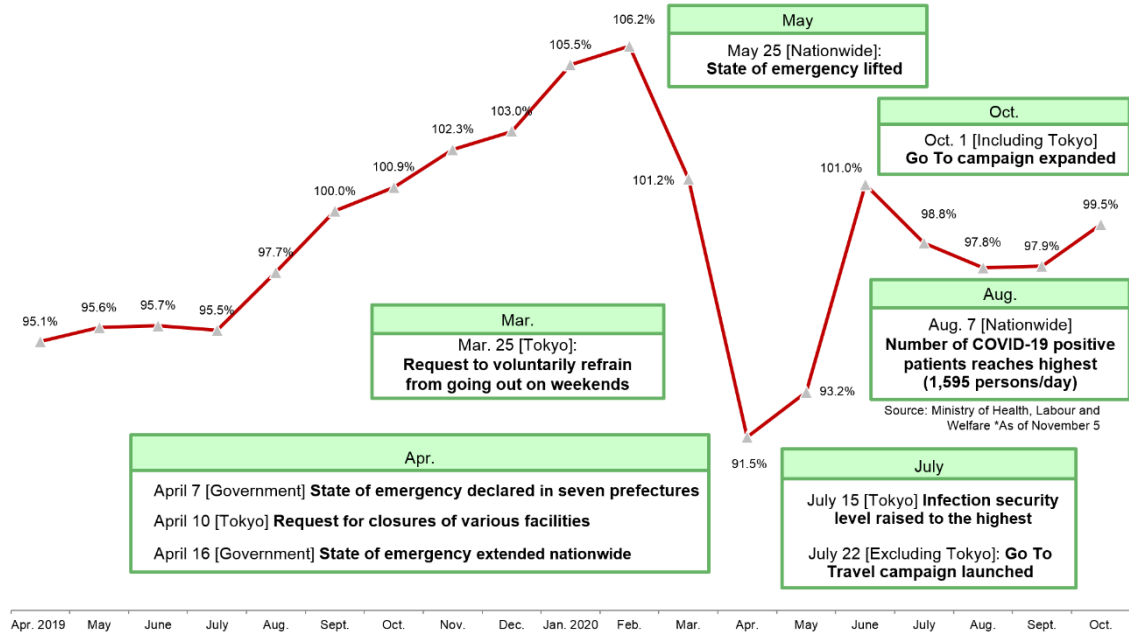
This is the fourth page. As I mentioned earlier, our financial results have been negative compared to the previous year. However, when we announced the fiscal year plan for the current fiscal year in August, we had factored in the impact of the spread of the new Corona viral contagion to some extent. Therefore, compared to the plan, both consolidated and non-consolidated results are basically in line with the plan for the fiscal year. We are not currently thinking of changing the annual plan. We plan to return profits to shareholders and pay a dividend, but we have not revised this plan from the initial plan. We assume an interim dividend of JPY5.50 per share and a year-end dividend of JPY5.50 so far, so there is no change from the initial plan at JPY11 per share for the year.

(Reference) Impact of Novel Coronavirus Infection

(Reference) Impact of Novel Coronavirus Infection

Year-on-year change in monthly average transactions per ATM

Average transactions per ATM has been recovering since the lifting of the state of emergency, but the outlook remains unpredictable.



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5

In examining the impact of the spread of new coronavirus infections, affects found that the greatest impact was the impact on the number of ATM usages in Japan. As you can see, the line graph in red shows the average number of ATM transactions, which unfortunately declined rapidly in April and May. However, since June, people's activities have recovered slightly, and the economy has been on a recovery trend. The impact of the increase in the number of infectious diseases of the new Corona Virus is likely to decline a little at all. However, the situation is relatively more favorable than in April and May.

Income Statement (Consolidated)

Income Statement (Consolidated)

(Billion yen)

	FY19		FY20				
	Results		H1 results			Plan	
	Full-year	H1		Changes from FY19 H1	Difference with plan	Full-year	H1
Ordinary income	148.5	74.5	68.3	(6.2)	0.5	134.2	67.8
Ordinary expenses	108.7	54.3	49.5	(4.8)	(0.2)	101.3	49.7
Ordinary profit	39.8	20.1	18.7	(1.4)	0.7	32.8	18.0
Net income	26.1	13.0	14.2	1.2	1.6	23.0	12.6

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
FY19 \$1 = ¥109.03, FY19 H1 \$1 = ¥110.06, FY20 H1 \$1 = ¥108.23, FY20 plan \$1 = ¥108.00
4. Net income is net income (interim) attributable to owners of the parent.

I will explain the specific revenues and profits. First of all, earnings are on a consolidated basis. In the first half of the fiscal year ended March 31, 2021, ordinary revenues totaled JPY68.3 billion, down JPY6.2 billion from the previous year. Ordinary expenses were JPY49.5 billion, down JPY4.8 billion from the previous year. Ordinary income was JPY18.7 billion, a year-on-year decrease of JPY1.4 billion. On a net income basis, it increased from last year to JPY14.2 billion, but this is the accounting impact for tax purposes associated with the 7pay impairment recorded last year, so I think that by checking on an ordinary income basis, we will be able to grasp the current situation firmly. At the current stage, as originally planned, we intend to maintain the annual plan set forth in August, with ordinary revenue of JPY134.2 billion, ordinary expenses of JPY101.3 billion, and ordinary income of JPY32.8 billion.

Income Statement (Seven Bank)

Income Statement (Seven Bank)

(Billion yen)							
	FY19		FY20				
	Results					Plan	
	Full-year	H1	H1 results	Changes from FY19 H1	Difference with plan	Full-year	H1
Ordinary income	120.2	60.2	55.1	(5.1)	0.3	109.8	54.8
ATM-related fee income	108.7	54.5	49.0	(5.5)	(0.1)	98.0	49.1
Ordinary expenses	75.2	36.9	37.3	0.4	(0.5)	77.3	37.8
Interest expenses	0.6	0.3	0.2	(0.1)	0.0	0.6	0.2
ATM placement fee expenses	15.7	7.9	7.8	(0.1)	(0.1)	15.9	7.9
Outsourcing expenses	18.9	9.3	10.1	0.8	0.0	20.8	10.1
Maintenance fees	3.7	1.8	1.9	0.1	0.0	4.1	1.9
Depreciation and amortization	13.6	6.9	6.2	(0.7)	0.0	13.0	6.2
Ordinary profit	45.0	23.2	17.8	(5.4)	0.9	32.4	16.9
Extraordinary losses	5.1	2.6	0.0	(2.6)	0.0	0.0	0.0
Total income taxes	12.2	6.3	5.4	(0.9)	0.4	9.9	5.0
Net income	27.6	14.2	12.3	(1.9)	0.5	22.4	11.8
EBITDA	58.6	30.1	24.1	(0.6)	0.9	45.5	23.2
No. of ATMs installed at end of term (units)	25,215	25,342	25,382	40	82	25,515	25,300
ATM-related fee income per transaction (yen)	130.9	133.8	124.4	(9.4)	0.0	124.0	124.4
Daily average transactions per ATM (transactions/ATM/day)	92.1	90.5	87.6	(2.9)	0.0	87.5	87.6
Total no. of transactions (million)	849	417	403	(14)	0	807	403

Note: All EBITDA in this material are Ordinary profit + Depreciation and amortization.

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7

As shown in the bottom panel, the number of ATMs installed is 25,382, which is about 40 more than the number of ATMs installed in the first half of the previous fiscal year. However, as shown in the bottom panel, I hope that it will be more or less unchanged.

The unit price of ATM commissions received was JPY124.4, down JPY9.4 from the first half of the previous year. As I will explain later, the decline in the number of ATM transactions has not been so large. However, due to a slight change in the composition of ATM usage and transactions by type of business, the unit price of ATM commissions received has declined JPY9.4. Then, the average number of transactions was 87.6 and the total number of transactions was 403 million. Based on these figures, ordinary revenues were JPY55.1 billion, a year-on-year decrease of JPY5.1 billion and ordinary expenses were JPY37.3 billion, a year-on-year increase of JPY400 million.

Unfortunately, in infrastructure businesses such as ours, if the number of cases used declines, the cost can be contained accordingly. Therefore, the number of transactions is decreasing, but the expense remains almost unchanged. Rather, there are 2 factors contributing to the increase. The first point is that we are proceeding with the installation of a new fourth-generation ATM, so the construction-related costs associated with the installation have increased compared to the previous year. And the second point is that we have been moving our data centers 1 year at a time, so the outsourcing costs have increased slightly compared to the previous year due to the combined operation at both the new and old data centers. As a result, ordinary expenses were regrettably positive JPY400 million, while ordinary income was negative JPY5.4 billion

compared to the previous year, at JPY17.8 billion. As income declines, ordinary income declines in a similar manner. In comparison with the plan, as you can see, progress is largely in line with the plan.

Income Statement (FCTI)

Income Statement (FCTI)							
(Million USD)							
	FY19		FY20				
	Results		H1 results			Plan	
	Full-year	H1	(Jan.-June)	Changes from FY19 H1	Difference with plan	Full-year	H1
Ordinary income	254.0	128.0	117.0	(11)	2.7	213.0	114.3
Ordinary expenses	247.7	128.6	103.4	(25.2)	2.6	194.4	100.8
Interest expenses	35.2	19.1	10.2	(8.9)	0.0	16.9	10.2
ATM placement fee expenses	139.7	70.6	58.2	(12.4)	0.0	112.9	58.2
Outsourcing expenses	17.4	8.9	8.1	(0.8)	0.0	15.2	8.1
Maintenance fees	17.4	8.6	8.1	(0.5)	0.0	15.3	8.1
Depreciation and amortization	6.7	3.3	3.3	0	0.0	6.8	3.3
Ordinary profit	6.3	(0.6)	13.5	14.1	0.0	18.6	13.5
Extraordinary losses	(0.5)	(0.4)	(0.0)	0.4	0.0	(2.0)	(0.0)
Net income	6.6	(0.3)	13.4	13.7	(0.1)	20.5	13.5
EBITDA	13.1	2.7	16.8	14.1	0.0	25.5	16.8
No. of ATMs installed at end of term (units)	10,886	12,165	10,663	(1,502)	3	8,640	10,660
At SEI (units)	8,465	8,383	8,494	111	4	8,640	8,490
Daily average transactions per ATM (transactions/ATM/day)	43.1	43.7	45.1	1.4	0.0	46.5	45.1
At SEI (transactions/ATM/day)	55.4	55.4	53.6	(1.8)	(0.1)	52.6	53.7
Total no. of transactions (million)	191.6	96.1	88.2	(7.9)	0.0	171.5	88.2

Notes:
1. Total number of transactions for U.S. ATMs includes balance inquiries.
2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.
3. Number of ATMs as of September 30, 2020: 9,487 (preliminary figure)
At SEI: 8,572 units, Other than SEI: 915 units

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8




Then, it is a business in the U.S., which has accounted for another large amount of sales. In the case of FCTI, Inc., the fiscal year ends in December, so the interim period will be from January to June. The number of ATMs installed at the end of the fiscal year was 10,663, a decrease of 1,502 compared to the previous year. However, this is actually being systematically reduced, and we are aggressively reducing the number of unprofitable ATMs. The number of ATMs installed at U.S. Seven-Eleven stores has increased by 111 units to 8,494 units.

Overall, the average number of transactions increased slightly to 45.1, while the number of Seven-Eleven store installations declined slightly to 53.6. The total number of transactions was 88.2 million, a decrease of approximately 8 million from the previous year.

Ordinary revenues were \$117 million, down \$11 million from the previous year. This is mainly due to a decrease in the number of ATMs used. Ordinary expenses were \$103.4 million, a year-on-year decrease of \$25.2 million. This is quite different from the domestic cost structure described earlier, and in the case of the United States, the expenses fluctuated in proportion to the number of cases. First, the costs decreased as much as the number of cases decreased, and second, the funding costs decreased as much as the interest rate decreased due to the corona

devastation. As a result of these factors, we were able to largely curb expenses. As a result, our recurring profit is \$13.5 million, which was in the red last year, but it is a large surplus, up \$14.1 million from last year.

Income Statement (Subsidiaries)

Income Statement (Subsidiaries)					
(Million yen)					
 A wholly owned subsidiary of Seven Bank, Ltd. Bank Business Factory Co., Ltd.	FY19 results		FY20		
	Full-year	H1	H1 results	Changes from FY19 H1	Full-year plan
Ordinary income	1,573	668	861	193	1,895
Ordinary expenses	1,414	635	877	242	1,762
Ordinary profit	158	32	(15)	(47)	133
Net income	111	21	(15)	(36)	93
<ul style="list-style-type: none"> Needs for back-office support service including prevention of money laundering expanded Number of financial institutions, etc. outsourcing contracts: 20 as of Sept. 30, 2019 --> 24 as of Sept. 30, 2020 					
 SEVEN PAYMENT SERVICE	FY19 results		FY20		
	Full-year	H1	H1 results	Changes from FY19 H1	Full-year plan
Ordinary income	115	46	177	131	315
Ordinary expenses	233	118	191	73	405
Ordinary profit	(117)	(72)	(14)	58	(90)
Net income	(117)	(72)	(14)	58	(90)
<ul style="list-style-type: none"> Diverse money transfer needs have surfaced Visibility has enhanced along with expansion of use Number of companies that have signed service contracts: 240 as of Sept. 30, 2019 --> 328 as of Sept. 30, 2020 					
 Abadi Tambah Mulia Internasional	FY19 results		FY20		
	Full-year	H1	H1 results (Jan.-June)	Changes from FY19 H1	Full-year plan
Ordinary income	142	57	154	97	460
Ordinary expenses	118	48	116	68	409
Ordinary profit	23	9	37	28	51
Net income	29	9	37	28	51
<ul style="list-style-type: none"> Business to operate own ATMs progressed steadily Number of ATMs installed: 150 as of Sept. 30, 2019 --> 437 as of Sept. 30, 2020 					
Note: Exchange rate: per IDR 100 FY19 = ¥0.771, FY19 H1 = ¥0.775, FY20 H1 = ¥0.744, FY20 plan = ¥0.751					
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These are the 3 subsidiaries that are engaged in full-fledged business. Let me explain the Indonesian affiliates of Bank Business Factory Co., Ltd., Seven Payment Service, Ltd., and PT. ABADI TAMBAH MULIA INTERNASIONAL.

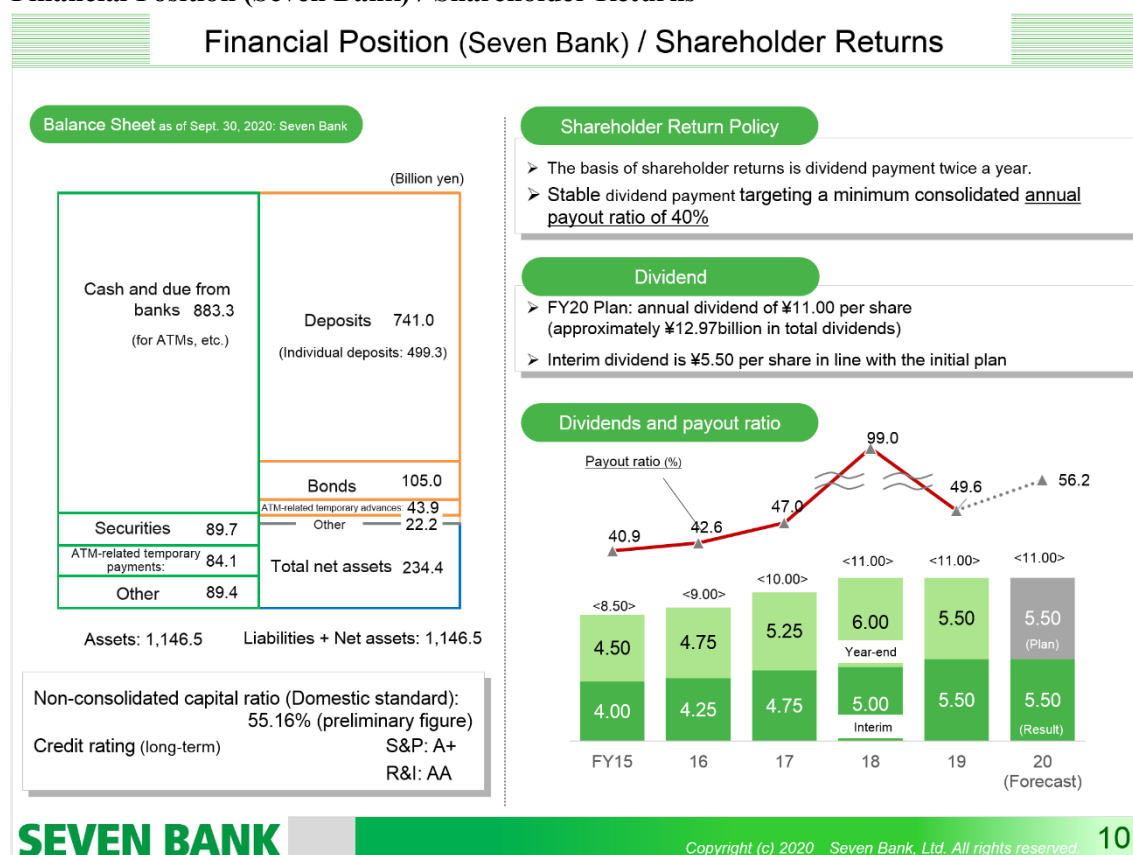
Bank Business Factory Co., Ltd. is in the red slightly. At the stage when the number of contract contractors is increasing, personnel allowances and systems will be put in place ahead of schedule, and then outsourced operations will be started. As a result, expenses will be incurred ahead of schedule. Looking at the full fiscal year, since (in the future) operations will finally be actually in operation, we plan to return to the original surplus by saying that income will be steadily coming in. The number of financial institutions that we outsource to has risen from 20 to 24, an increase of around 4 this year.

Seven Payment Service, Ltd. is a subsidiary whose main service is ATM receipts. This is a service that allows corporations to deliver money to individual customers without going through bank accounts. A variety of needs are emerging, such as the sharing economy, or the exchange of compensation, the cancellation of EC, or the cancellation of events due to the impact of the spread of the new Corona Virus. Against this backdrop, we have been able to steadily increase

earnings. The number of contracted companies for the provision of services has also increased significantly, from 240 companies last year to 328 companies at the end of September this year.

PT. ABADI TAMBAH MULIA INTERNASIONAL. Indonesia was also impacted by the spread of the new corona infectious disease, but it is limited compared to other countries and regions and is recovering rapidly, and the number of ATM transactions has remained almost unchanged. Even in this environment, the number of ATMs installed has risen from 150 to 437 as of the end of September, so recurring revenue is steadily increasing and we are finally becoming able to generate profits.

Financial Position (Seven Bank) / Shareholder Returns



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10

Our policy is to return profits to shareholders. Regarding shareholder returns, in the first half of the fiscal year under review, there was a major impact from the spread of the new corona viral infectious disease. However, since then, due in part to a recovery trend, we intend to pay dividends in line with our initial plan. Up to this point, this is the status of the interim accounting.

Business Strategies

Business Strategies

Achieve growth in our main business as we diversify our operations

Response that takes into account daily life with the coronavirus

Changes gathered pace after the coronavirus crisis

Remote, non-face-to-face

Cashless

Online

Digitization

A world where diverse options are required

- **Steadily accumulate measures essential for the future growth with a sense of urgency**

Evolution of existing business

Further strengthen the ATM platform business

- Create new ways to use ATMs in response to the cashless trend
- Promotion of contract-based ATM operations

235 units as of Mar. 31, 2020 → 285 units as of Sept. 30, 2020

Cultivate the world of ATM+

- Realize service that goes beyond cash
- Respond to applications for Individual Number Card Points



New business domain

Key fields of domestic business

Individual

Foreign residents

BPO

Security

Corporate

Overseas business

ATM business expansion

Consideration of new businesses

Progress in measures in Underline from the next slide

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12

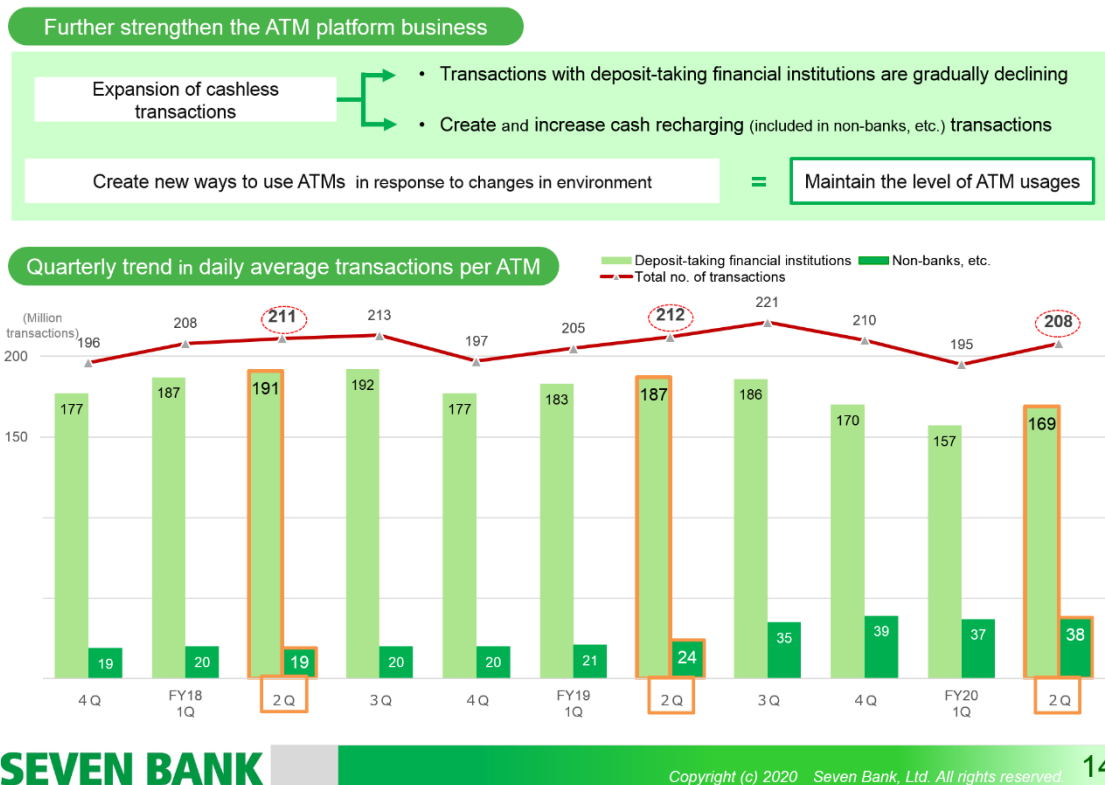
Next, I would like to explain the direction in which we are currently pursuing our business strategy. Under the basic policy of our business strategy of "realizing business diversification while expanding our core business," we have set 2 major policies: "evolve of existing businesses" and "development of new business areas."

To explain in more detail the "evolution of existing businesses," our policy is to further strengthen the ATM platform business. We will further explore new services such as charges, which have been increased this time. In addition, as we are pursuing structural reforms at various places, including banks, due to the Corona crisis, we will actively promote ATM management outsourcing so that our ATMs will contribute by replacing other banks and other ATMs. As of the end of September, we were entrusted with the operation of 285 ATMs, and we believe that we will be able to further increase them in the future.

Another goal is to create an ATM+ world as an evolution of existing businesses. Traditionally, ATMs were recognized as terminals for services via cash. However, we intend to create a new world based on real "peace of mind" and "simplicity" in the digital society as terminals with a variety of functions that are not limited to cash but are in a lifestyle activity line. We have been responding to applications for negative points since August in the midst of the Corona crisis, and this has also gotten off to a good start.

Evolution of Existing Business (i)

Evolution of Existing Business (i)



I would like to explain the "Evolution of Existing Businesses" on page 14, including some specific figures. As stated here, we will further strengthen the ATM platform business. Unfortunately, transactions by depository institutions are on a downward trend. Although the number of ATM transactions did not decline significantly, this indicates that the unit price of ATM commissions declined significantly, and the decline in ordinary income was more significant than the decline in ATM transactions. Unfortunately, the transactions of conventional deposit and savings institutions are on a gradual downward trend.

On the other hand, cash charges, etc. that are charged from cash to cards or smartphones are rapidly growing in the context of Japan's unique cashless business, and we have been able to make some contributions to cashless business. As a result, the total number of transactions has not fallen significantly, falling by just under 4%, but this was due to an increase in cash charges offset by a decrease in deposit and savings financial periods.

The thin green bars below indicate deposit-taking and savings institutions, but last year we had 187 million deposits. In the second quarter of this year we had 169 million deposits, which is about 8% lower. On the other hand, the number of non-banks and others was 24 million, but it was 38 million. I think we can confirm that the number of non-banks and others has increased significantly.

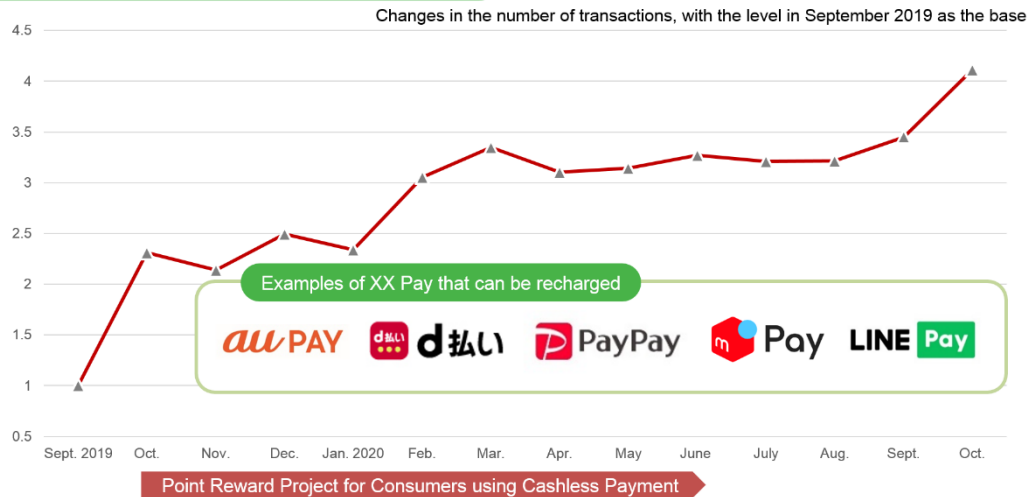
Evolution of Existing Business (ii)

Evolution of Existing Business (ii)

Further strengthen the ATM platform business

- Recognized as a safe and secure service as a recharging method for cashless settlement
- Performing steadily even after the Point Reward Project for Consumers using Cashless Payment ended at the end of June 2020

Non-financial companies: Number of transactions



The fifteenth page shows what you might have done in a way that is easy to see. Of the available charges, ●●Pay charges in particular, the number of charges for each company's Pay, which shows the logo mark here, is increasing rapidly. If September of last year is set at "1," you can confirm that the number of charges in October has almost quadrupled.

Evolution of Existing Business (iii)

Evolution of Existing Business (iii)

Cultivate the world of "ATM+"



できたらいいなを、
プラスしていく。

4th generation ATM installation status	
Mar. 31, 2020	1,150
June 30, 2020	1,438
Sept. 30, 2020	3,118
Plan for FY20 H2	+ Approximately 3,000
Mar. 31, 2021 (plan)	Approximately 6,100

- ◆ Replacement installation is progressing smoothly since July
- ◆ Replacement installation is to be completed in Tokyo by the end of November

Installed with the Individual Number Card reading function

First time with ATM Starting in August 2020

- ◆ Application for Individual Number Card Points to be enabled
- Chosen as a private business operator offering application support terminals, under the Individual Number Card Points project

<Image of ATM display>



[Overview of applying for Individual Number Card Points using a Seven Bank ATM]

Application period	Through Wednesday, March 31, 2021	Service hours	24 hours a day, as a rule
Fee	Free (Application for Individual Number Card Points is free of charge wherever it is applied)		

First time with ATM Starting in spring 2021

- ◆ Application for use of the card as health insurance card enabled

- A user can apply for using Individual Number Card as health insurance card at a Seven Bank ATM
- The user can use the Individual Number Card as the health insurance card at a medical institution, etc.



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16

Another move is the development of the ATM+(plus) world. Fourth-generation ATMs were originally scheduled to be replaced and installed by all ATMs in Tokyo until July, when the Tokyo Olympics will be held, as the foundation for advancing the ATM+ world. Production was temporarily suspended due in part to the situation of the outbreak of the new corona viral infectious disease and a delay in the supply of (ATM) components. However, production was also smoothly implemented from July onwards, and replacement installations are proceeding smoothly. Currently, we are scheduled to be able to complete the replacement installation in Tokyo at the end of November, which is a little behind schedule, but in total, we believe that we will be able to proceed with the replacement installation almost as expected.

The third and fourth generation ATMs are also equipped with a minus number card reading function, and at the same time, we have been very popular because we can complete the "minus point" application and registration by placing a cashless card that is associated with our ATM, inserting a minus number card into the insertion slot of the cache card, and inserting a minus number card security number.

However, since My Number card has not been spreading as expected, My Number card's "My Point" application has been slightly slower than the 1-hour period. However, there is still time until March next year, so I would like to inform you about it. The other day, we announced our financial results at the same time. From spring next year, we will start applying for the health









insurance card and our My Number Card at our ATM. In this way, we hope that our ATMs will play as much of a role and contribute to the digitization that the country is advancing.

New Business Domain (i)

New Business Domain (i)

Five key fields

Consider change (surfacing of social issues) as an opportunity and expand business domains
“Knowhow accumulated by Seven Bank” + “Tie-ups with partner companies”

Individual	Develop familiar and unique financial products <div style="text-align: right; margin-top: -20px;">   </div> <ul style="list-style-type: none"> • New products and services based on convenience store-like thinking
Foreign residents	Offer financial services such as overseas remittance and credit to foreigners <div style="text-align: right; margin-top: -20px;">   </div> <ul style="list-style-type: none"> • Strengthen cooperation with local banks such as BDO Unibank (the Philippines) and DBS Bank (Singapore) • Start credit-related services to foreign residents
BPO	Develop into efficient contract-based business with digitization of bank operations <div style="text-align: right; margin-top: -20px;">  </div> <ul style="list-style-type: none"> • Back-office support service has been expanding smoothly; promote measures against money laundering and RPA in opening account
Security	Make stricter personal authentication, required by the digitized society, into a business <div style="text-align: right; margin-top: -20px;">  </div> <ul style="list-style-type: none"> • Offer the service to Shizuoka Bank as the first user
Corporate	Offer infrastructure such as settlement agent service for small- and medium-sized businesses <div style="text-align: right; margin-top: -20px;">   </div> <ul style="list-style-type: none"> • Push ahead towards realizing new services using smartphones and ATMs

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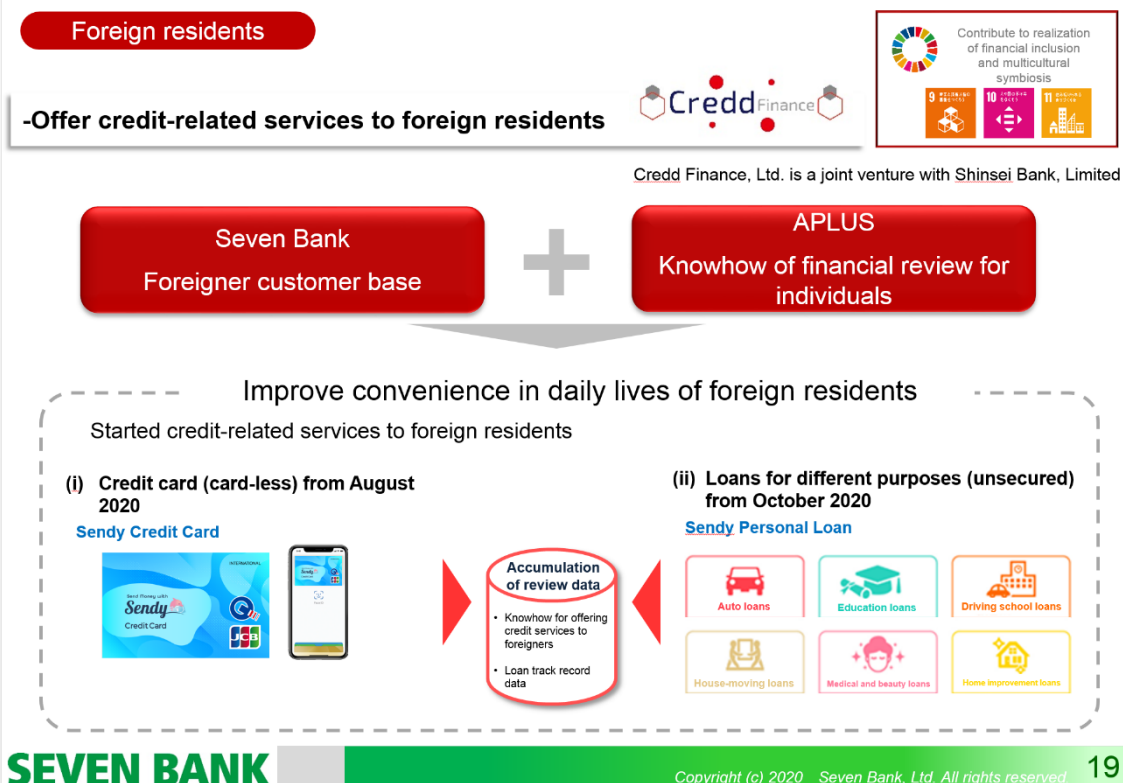
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18

"Expand of new business domains." We are launching our own businesses and pursuing alliances and investments with various partners to expand our business domains in the 5 fields that we have communicated to us in the past. The logo on the right is the logo of such new subsidiary, investee or partner.

New Business Domain (ii)

New Business Domain (ii)

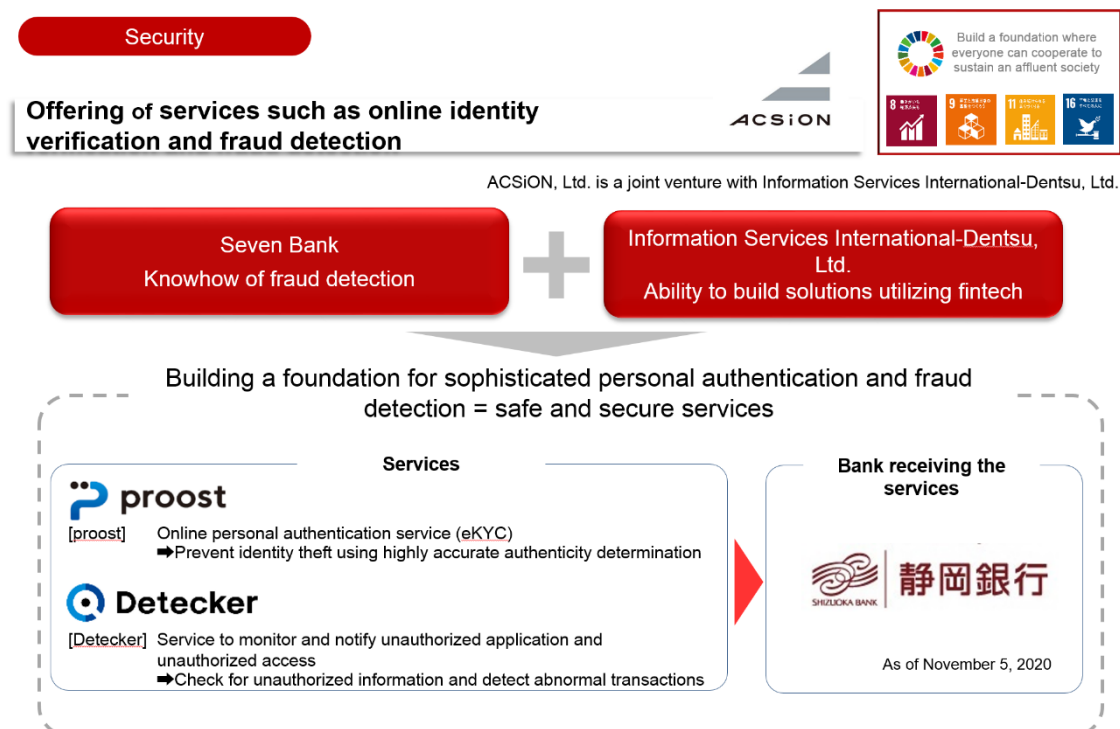


As a service for foreigners, there is 1 thing we would like to introduce about this newly launched service in the first half of the year. Seven Bank has built a customer base based on its International Money Transfer Service for foreigners living in Japan. By adding its expertise in financial screening for individuals at APPLUS and Shinsei Bank, we created a company called Credd Finance, which we hope to develop credit business for foreigners. Since August, we have been issuing a new credit card called Sendy for foreigners. As awareness has not yet progressed, the number of cards issued is not so high, but we intend to expand it even further in the future.

We will also utilize our know-how in our customer base to provide foreign nationals with loans by purpose, such as so-called private car loans and educational loans. When foreigners living in Japan want to buy a car or study, there are times when they don't have enough money, and there has always been a lot of demand for loans at such times. We are now in the process of promoting our business by responding firmly to these issues.

New Business Domain (iii)

New Business Domain (iii)



SEVEN BANK

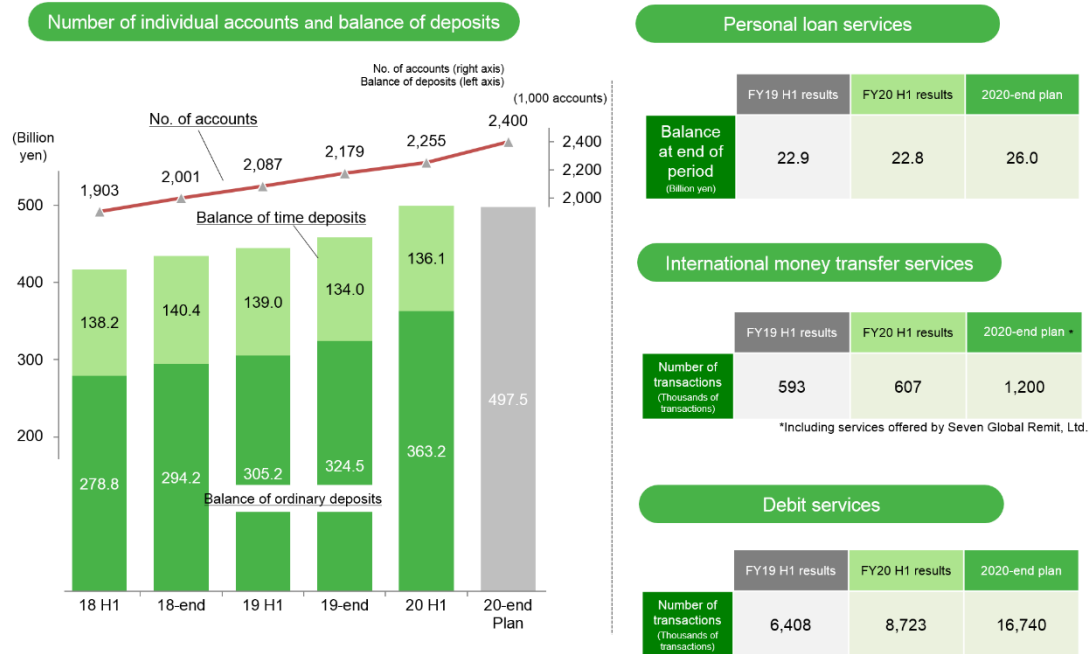
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20

Another new business area we began in the first half of this fiscal year is our security-related subsidiary, ACSiON. This ACSiON is a joint venture that provides security services created by ISiD and Seven Bank, and we have launched 2 services here: an on-line identity verification service called "proost" and a fraudulent detection service called "Detecker." Both of these were adopted by the current Shizuoka Bank. Having been adopted by Shizuoka Bank, there are many comments from other regional banks and others that "I would like to hear the story." We intend to expand this business aggressively as well.

Settlement and Account Business Figures (Seven Bank)

Settlement and Account Business Figures (Seven Bank)



I haven't been able to tell you much about payment account services, but I will add only 1. As you can see on page 23, the number of accounts is steadily expanding, and as of the end of the first half of the fiscal year, you can confirm that the number of accounts is 2,255 thousand. In April of this year, we launched the so-called "simple account opening process" in which the opening of an account is completed in 10 minutes, called "My Seven Bank App." We have received many applications to open an account, and our ability to open an account quickly and easily has been very well received. In addition, we have received various talks about how we would like to utilize this process, and the number of accounts is gradually increasing in this way.

On the other hand, loans to individuals were unfortunately sluggish in the industry as a whole amid the spread of the new corona viral infectious diseases, and we had hardly accumulated any loans outstanding in the first half of this fiscal year. In contrast, International Money Transfer Service and debit services have been growing steadily in the first half of the fiscal year, despite the impact of the spread of the new Corona contagious disease. Debit services are growing substantially in the midst of cashless transactions.

The above is an explanation of this interim financial results. I will tell you one thing as a whole. This time, the decline in sales and profits on an ordinary basis is a disappointing situation in the Corona scandal, but I personally felt that it was a time when we were able to respond to a number of changes in this rapidly changing environment.

It has long been said that ATMs will no longer be necessary when cashless. Instead, we have been able to create a new role for ATMs as charging terminals in the context of cashless operations. In this sense, we feel that we have made a great deal of progress. Again, I believe that there are many scenes in which people want to use cash in an intervening manner, depending on the time and occasion, or the psychological state at the time, rather than completing the settlement by using smartphones or cards all because they are cashless. In this sense, the first is that we have discovered a new role for ATMs.

The second is that we were able to cultivate a new style of the ATM+ world. Currently, we only trade My Number cards, but in addition to registering My Number points and linking them to health insurance cards, in the future we will be able to generate a variety of subsidy for everyday life by linking bank accounts or using My Number cards. I think that the world will eventually come to assume in the midst of Japan's digitization. Against this backdrop, we felt that we might be able to cultivate the ATM+ world.

Third, as I mentioned earlier, in April we launched a new account opening process using eKYC that eliminates the need to send identity verification materials, etc. with the completion of the "My Seven Bank App" smartphone. This process was also very well received by customers. I felt that UI and UX are very important, and at the same time, it is also very important to have a sense of speed. In this sense, we would like to expand our new services while creating styles that we have never seen before. The above will be my explanation. Thank you for your attention.

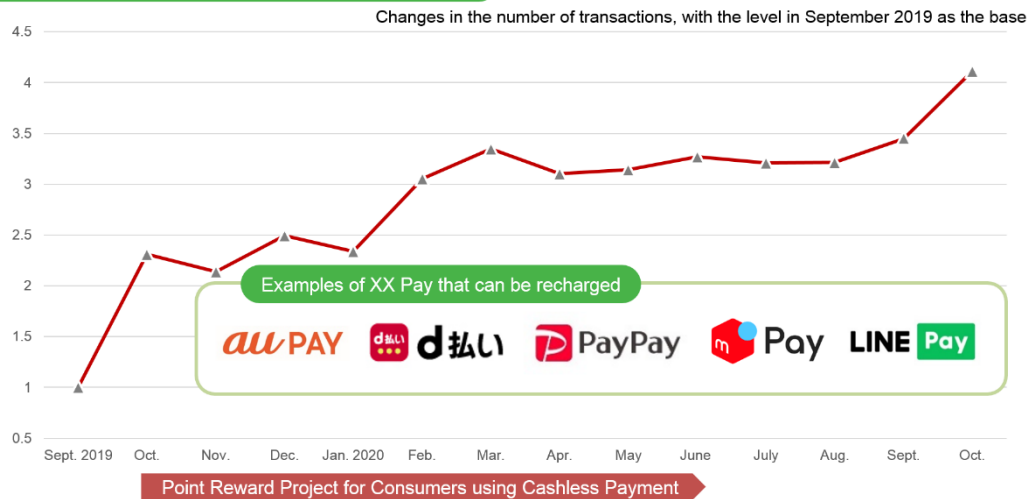
Q&A: Number of transactions and the sustainability of the number of transactions

Evolution of Existing Business (ii)

Further strengthen the ATM platform business

- Recognized as a safe and secure service as a recharging method for cashless settlement
- Performing steadily even after the Point Reward Project for Consumers using Cashless Payment ended at the end of June 2020

Non-financial companies: Number of transactions



Questioner 1: I have two questions. The first point is the number of transactions by the operating companies on page 15. In particular, the pace of use has risen considerably in October, but I think there were some news in September about the impact of fraudulent use of cashless payments. Could you tell us whether it is acceptable to interpret that the needs of the ATM have been restored due to your influence, and what is the background to this? Please also tell us how the president thinks about sustainability in the future.

The second point is that the number of ATMs used by FCTI, Inc. increased by 12.6% between July and September. There is an impression that there are some temporary benefits, etc., but if the sustainability is so strong, can we expect it to be somewhat or is considered to be quite temporarily, and what about the sustainability in the future? More than 2 points.

Funatake: As shown on page 15, the number of charges is increasing in October, but certainly after a series of reports, the number of charges is increasing. However, I think this is a situation in which it can be said that this is sustainable and will continue in perpetuity.

First of all, the reason for the increase in the number of charges transactions was that, after a series of fraudulent transactions, the connection of cashless payments from regional banks was largely eliminated, so we think that we used our ATMs because there were no other methods of charging to use each pay. However, we feel that, although connections are currently suspended at regional banks and other institutions, they may eventually return to them, and I cannot say whether this will continue for a long time.

As I mentioned in my final summary earlier, I believe that the psychology of our customers will change at that time. There may be a slight increase when there is such reports, but when this is not the case, it will also be used in a psychological manner, such as using convenient items separately depending on the timing of their placement and the situation at the time, and I think that they are being used in different ways in a psychological manner. We are now in an age where diverse choices are required, and I think it is our job to ensure that such things are used in a sustainable manner.

In addition, the number of FCTI, Inc. ATMs has been growing year on year, but the main reason for this growth is the payment of benefits, etc. I think it is honest and nothing to say. In reality, October has fallen a little from the previous year's level. Nevertheless, there is still some uncertainty about what will happen in reality, as the U.S. status does not appear to have the outcome of the presidential election. In addition, the impact of the outbreak of the new Corona contagious disease may spread again in the U.S. as it did in Europe, and I think that, honestly, nothing can be said at present. Rather, we cannot be optimistic that this growth will be sustained as it is.

Q&A: New Business Domains and Next Medium-Term Management Plan

Questionnaire 2: The first. Please tell us about new business areas. It is not listed on page 18 of the material. What do you think of the president regarding the management integration of your bank and Seven Financial Services Co., Ltd. in the sense of incorporating the cashless business? The second point is a fear of a quick talk, but it is reasonable to think about the next medium-term management plan at the present time, so to the extent you can't be sure about your thoughts on earnings, shareholder returns, and so on.

Funatake: First of all, I'm talking about the management integration with 7 & i HLDGS's non-bank division and Seven Financial Services Co., Ltd., but from the conclusion of the discussion, I don't think anything is going to be done right now. As I have been talking about in the past, rather than "how to integrate the company," I think it is important to "how to create synergies in the business together." Today, with such an aim, I continue to hold various discussions on information sharing and the integration of strategies. Rather than merging in itself, it is necessary to think first about what we will do, and I think that there is a possibility that such a thing may emerge as a few options in that context. However, at present, the Government is also talking about various issues at the Financial Council and other forums.

Debate is proceeding to enable banks and other organizations to deregulate their various business operations. I believe that we will consider various developments while also watching such trends. Above all, I think that whether or not to integrate management is not our company, but rather 7 & i HLDGS.

The second point is the next medium-term management plan, but we are really disappointed that the announcement of the medium-term management plan has been delayed. However, we have

not announced any medium-term management plan figures, as I have already mentioned, but we do not expect any major changes to our strategy at this point in time.

I think that the evolution of existing businesses and the expansion of new business domains as core businesses will not change in the future, but in terms of numbers, we will consider a variety of factors, taking into account the situation of the spread of corona viruses in the future, the situation of social in Wiz Corona, and the discussions of the financial system council. However, it is difficult to see whether the number of ATMs will grow as the number of ATMs grows, or whether there will be further increases in the number of partners, including banks, in the future. Therefore, we believe that the period will continue to be slightly tighter in terms of revenues.

Among these, we will rationalize the portion that can be streamlined by expenses, etc. and firmly endeavor to secure incomes in a manner that ensures stable dividends to our shareholders in the past.

Question-and-answer session: Monthly domestic financial results for October

Questioner 3: I would also like to ask you two questions. The first point is the fear that you have already answered, but please add to the monthly domestic financial results for October. As I mentioned earlier, I am also concerned about businesses in deposit-taking and savings institutions when considering their overall breakdown. I think that the monthly decline of only 0.5% for the whole month in October is improving to some extent for deposit financial institutions, and I would like to hear about the situation. This is the first point.

Second, regarding new businesses, I think this is particularly Credd Finance for ACSiON and, for example. I would like to hear whether you are currently thinking about the possibility of incurring a lump sum amount of marketing expenses, etc. in order to raise awareness as we launch such new businesses.

Funatake: First of all, the number of ATMs in October was brisk, but, as you say, depository institutions have recovered a little. In the chart on Appendix, we mentioned that the transaction volume of depository institutions was negative 12% in the interim period under review, but the extent of the negative margin has declined considerably for the time being. The first reason for this is that consumer spending has gradually been recovering in the economic sector. Everyone was very tired of self, and we believe that the increasing movement of people, activities, and consumer spending throughout the world, partly due to GoTo Campaign, has led to a recovery in the number of ATMs used.

Then, it's about marketing expenses. I think it is necessary to spend a certain amount on marketing to improve awareness. However, I think that the timing and time of effect should be close to each other. For example, amidst the worsening situation of the outbreak of the new corona viral infectious disease and various self-restraints, I think that various forms of marketing, including advertising, will not be very effective, so I would like to respond to marketing measures while watching the situation at hand.

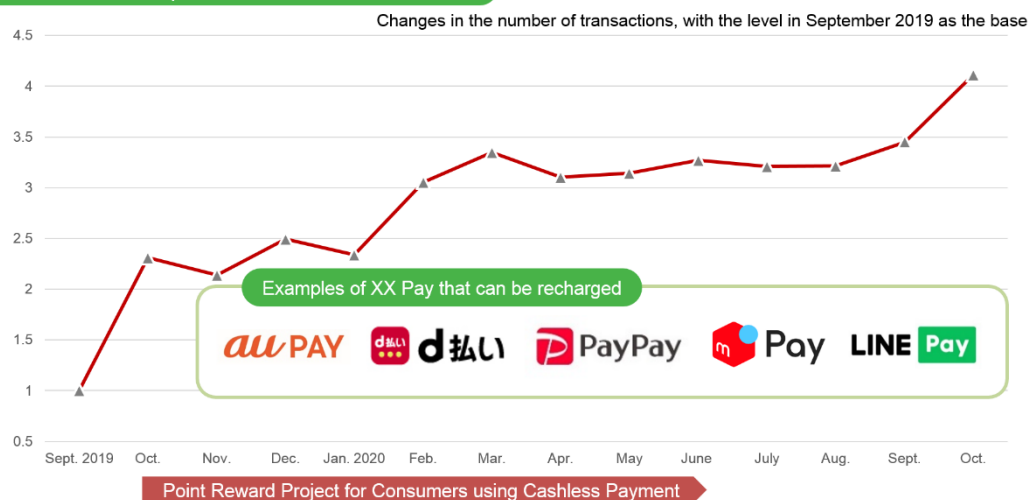
Q&A: Growth in charges for "●●Pay" and speedway, etc.

Evolution of Existing Business (ii)

Further strengthen the ATM platform business

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Non-financial companies: Number of transactions



Questioner 4: I would like to ask you two questions. The first point is on page 15, and I think you mentioned earlier that the handling of ●●Pay has quadrupled since September 2019. When you look around 1 year from here, I think it is 4 times as big now, but how much is your likelihood of it growing? On the other hand, if charge transactions increase in this way in the future, could the weighted average ATM commission unit price drop to, for example, around JPY120? This is the first point. The second point, I would like to tell you if you can share anything in the area of speedway, where you have made some updates or even more progress. More than 2 points.

Mr. Funatake : Thank you very much. I think it's about how new transactions such as charges will take place in the future, but to be honest, I don't think I can read them at all. However, the fact that the number of transactions has increased slightly this October is attributable to the fact that in addition to the previous reports of fraudulent transactions in cashless payments, each operating company is implementing various campaigns, which we believe is also a factor behind the increase in transactions. If there is something like a campaign in this way, it will grow in this way. I think this is the case if you say "Do you quadruple in the same way, as you have quadrupled in the past year?" or "Do you want to double, triple, or quadruple?" I think it would be enough to be flat to slightly increase.

We don't have any information about Speedway yet. Currently, 7 & i HLDGS and SpeedWay have not yet closed. At least the ATM will be talked about after closing, so now there is nothing we can talk about.

Greetings from Mr. Funatake

Mr. Funatake : Thank you everyone for the long time. The environment is still changing dramatically, including the spread of the new Corona contagious disease, and uncertainty and uncertainty continue. However, we do not fear such changes in the business environment without fail. Rather, we are proactively grasping these changes and, as I mentioned earlier, we hope to create new value and some new services here.

The spectacular growth has not yet been achieved, but I would like to steadily create a new world in our own way. I would like to conclude my remarks by thanking you for your patronage and support as in the past. Thank you very much for today.