

May 2013



## Financial Results for Fiscal 2012

Highlights	2	Financial position (Non-Consolidated)	9
Income statements (Non-Consolidated ▪ Consolidated)	3	Dividend policy	10
Income statement (Non-Consolidated)	4	Major initiatives	11
ATM usage and related fee income	5	Expansion of the ATM business	12
Number of ATM installations and daily average transactions per ATM	6	Early generation of profits from international money transfer services	15
Expansion of ATM alliances	7	Overseas expansion, FCTI	16
New services	8		

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

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## FY12 Financial Results (Non-consolidated)

- Ordinary income (¥94.1 billion) and ordinary profit (¥32.0 billion) both increased year on year, revenues and profits have continuously risen since fiscal 2011
  - The number of ATM installation broke through the 18,000 level
  - The number of non-bank transactions hit bottom; modest recovery
  - The total number of international money transfers reached 180,000 on an annual basis; the card loan balance stood at ¥3.3 billion
- Acquired FCTI; commenced ATM operations in North America
- Period-end dividend of ¥3.50 per share, an increase of ¥0.25 per share, for an annual dividend of ¥6.75 per share

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## FY13 Outlook

- Higher revenues and higher profits forecast on the back of further ATM business expansion and new service growth
  - ATM installations projected to reach approximately 19,300; we will continue to improve convenience and safety
  - Establish international money transfer and personal loan services as profit pillars
  - Forecast increase in revenues and profits even after excluding the impact of changes in accounting policies (depreciation methods) on non-consolidated basis
- Forecast increase in dividend of ¥0.25 per share for an estimated annual dividend of ¥7.00 per share
- Ordinary income exceeding ¥100.0 billion on a consolidated basis; targeting higher revenues and profits

<< Non-Consolidated >>  
(Unit: Billion yen)

	FY12 Actual results	FY13 Plan	
		Full year	H1
Ordinary income	94.1	<b>99.0</b>	49.6
Ordinary expenses	62.0	<b>63.5</b>	31.7
Ordinary profit	32.0	<b>35.5</b>	17.9
Net income	19.5	<b>21.4</b>	11.0

<< Consolidated >>  
(Unit: Billion yen)

	FY12 Actual results	FY13 Plan	
		Full year	H1
	94.9	<b>104.1</b>	51.8
	63.0	<b>69.4</b>	34.3
	31.8	<b>34.6</b>	17.4
	19.3	<b>20.7</b>	10.5

Notes:

1. Amounts less than one unit have been truncated.
2. The relevant period of FCTI consolidation (October 6, 2012 to December 31, 2012) only has been included in consolidated financial results for the full fiscal 2012 period.
3. Foreign currency exchange rate: US\$1: ¥81.25 in fiscal 2012 and ¥92 in fiscal 2013

# Income statement (Non-Consolidated)

(Unit: Billion yen)

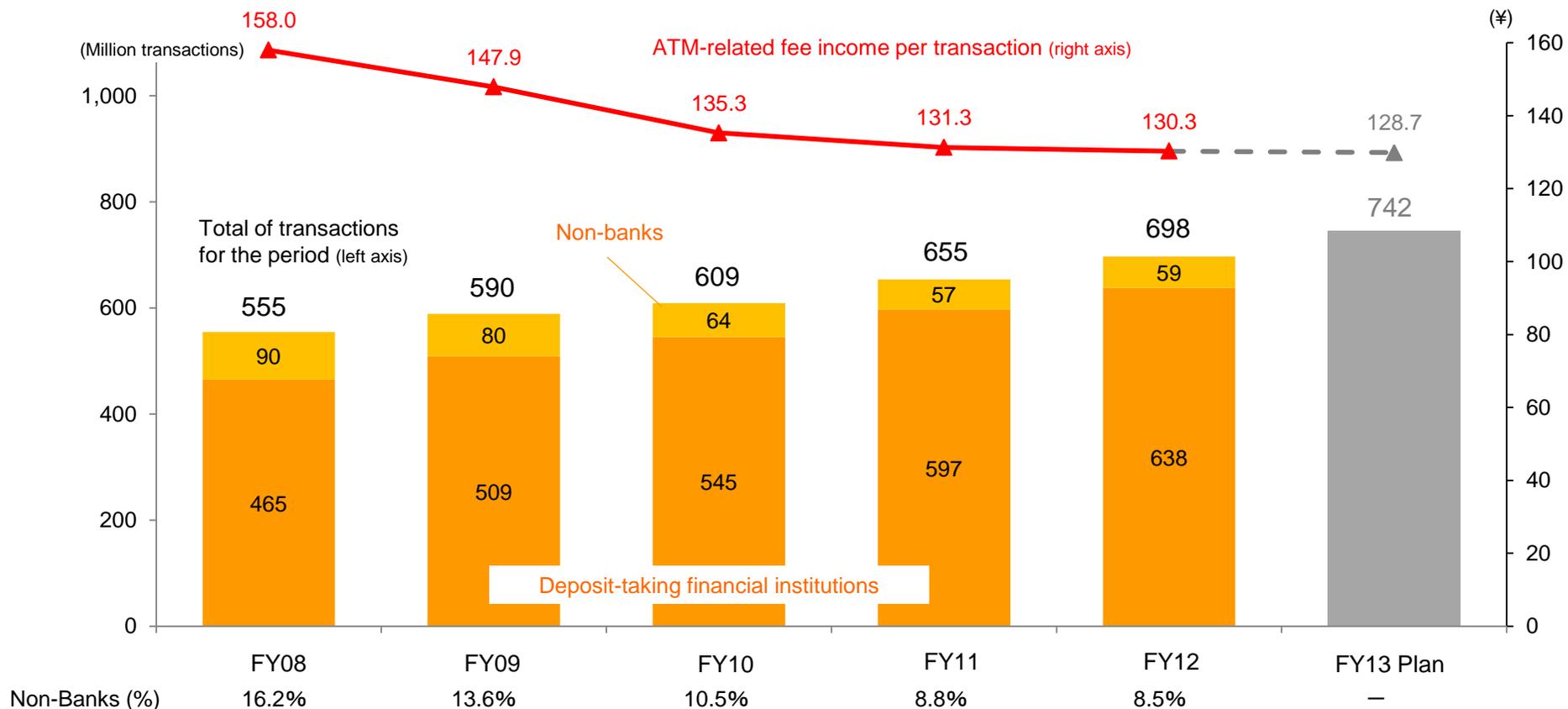
	FY11 Actual results	Revised plan (November 2011)	FY12 Actual results	Changes from FY11 results	FY13 Plan			
					Full year	Changes from FY12 results	H1	Change From FY12 H1 results
<b>Ordinary income</b>	<b>88.3</b>	<b>93.8</b>	<b>94.1</b>	5.8	<b>99.0</b>	<b>4.9</b>	<b>49.6</b>	<b>2.9</b>
ATM-related fee income	83.8	88.8	88.8	5.0	93.5	4.7	47.0	2.8
<b>Ordinary expenses</b>	<b>58.7</b>	<b>63.3</b>	<b>62.0</b>	<b>3.3</b>	<b>63.5</b>	<b>1.5</b>	<b>31.7</b>	<b>1.5</b>
Interest expenses	1.9	1.5	1.6	(0.3)	1.8	0.2	1.0	0.3
ATM placement fee expenses	9.9	10.7	10.6	0.7	11.5	0.9	5.7	0.5
Outsourcing expenses	15.0	16.0	15.8	0.8	17.1	1.3	8.7	1.0
Maintenance fees	4.2	4.0	3.9	(0.3)	4.0	0.1	2.0	0
Rent for premises and equipment	1.0	0.8	0.9	(0.1)	0.6	(0.3)	0.3	(0.1)
Depreciation and amortization	12.3	14.1	13.8	1.5	12.9	(0.9)	6.0	(0.2)
<b>Ordinary profit</b>	<b>29.5</b>	<b>30.5</b>	<b>32.0</b>	<b>2.5</b>	<b>35.5</b>	<b>3.5</b>	<b>17.9</b>	<b>1.4</b>
Extraordinary gain (loss)	(0.2)	(0.2)	(0.5)	(0.3)	(0.9)	(0.4)	(0.1)	0.1
Income taxes	12.0	11.5	11.9	(0.1)	13.1	1.2	6.7	0.5
<b>Net income</b>	<b>17.2</b>	<b>18.7</b>	<b>19.5</b>	<b>2.3</b>	<b>21.4</b>	<b>1.9</b>	<b>11.0</b>	<b>1.0</b>
No. of ATMs installed at end of term (units)	16,632	17,700	<b>18,123</b>	1,491	<b>19,300</b>	1,177	18,600	1,270
ATM-related fee income per transaction (yen)	131.3	130.0	<b>130.3</b>	(1.0)	<b>128.7</b>	(1.6)	129.4	(0.9)
Daily average transactions per ATM (transactions/ ATM /day)	112.6	111.5	<b>111.1</b>	(1.5)	<b>109.4</b>	(1.7)	110.9	(1.8)
Total no. of transactions (millions)	655	699	<b>698</b>	43	<b>742</b>	44	371	24

Notes:

1. Amounts less than one unit have been truncated.

2. Year-on-year comparative data in units of 100 million yen (comparative data for the total number of transactions in units of one million).

- The total number of transactions increased 6.5% year on year to 698 million
- Deposit-taking financial institution transactions: +6.9%; non-bank transactions: +3.0%

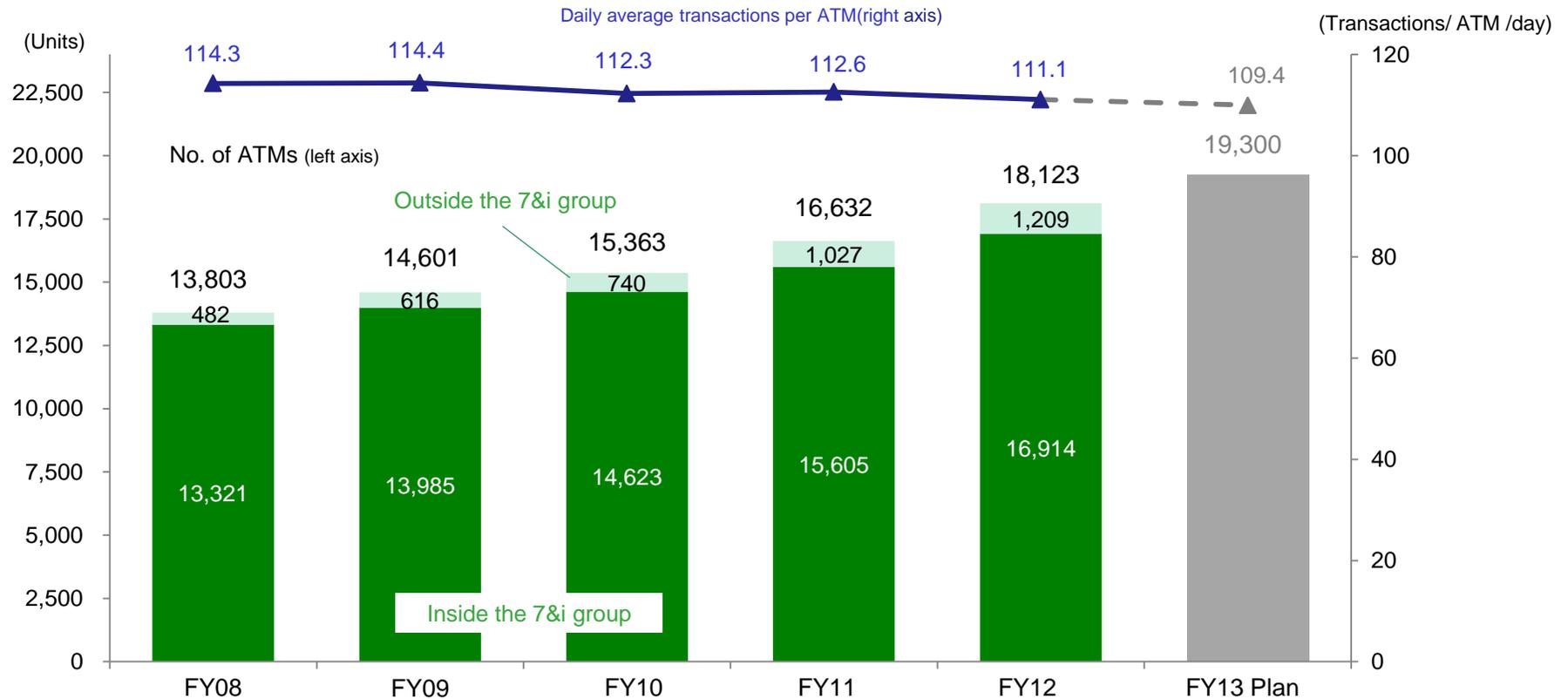


Notes:

- Total of transactions for the period excludes balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.
- Amounts less than one unit have been truncated.
- ATM-related fee income per transaction = ATM-related fee income / (Total of transactions – Total of transactions without ATM-related fee income (i.e. sales proceeds deposits))
- In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as “non-banks.”

# Number of ATM installations and daily average transactions per ATM

- Steady increase in the number of ATMs installed both inside and outside the Group
- Net increase in the number of ATMs installed in fiscal 2013 projected at approximately 1,200; the number of 3G ATMs newly installed and replaced is forecast to climb by approximately 5,000



Net increase	+771	+798	+762	+1,269	+1,491	Approx. +1,200
Number of 3G ATMs (FY-end)	-	-	206	2,897	7,797	Approx. 13,000

Notes:

1. Daily average transactions per ATM for the period excludes balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.
2. Amounts less than one unit have been truncated.

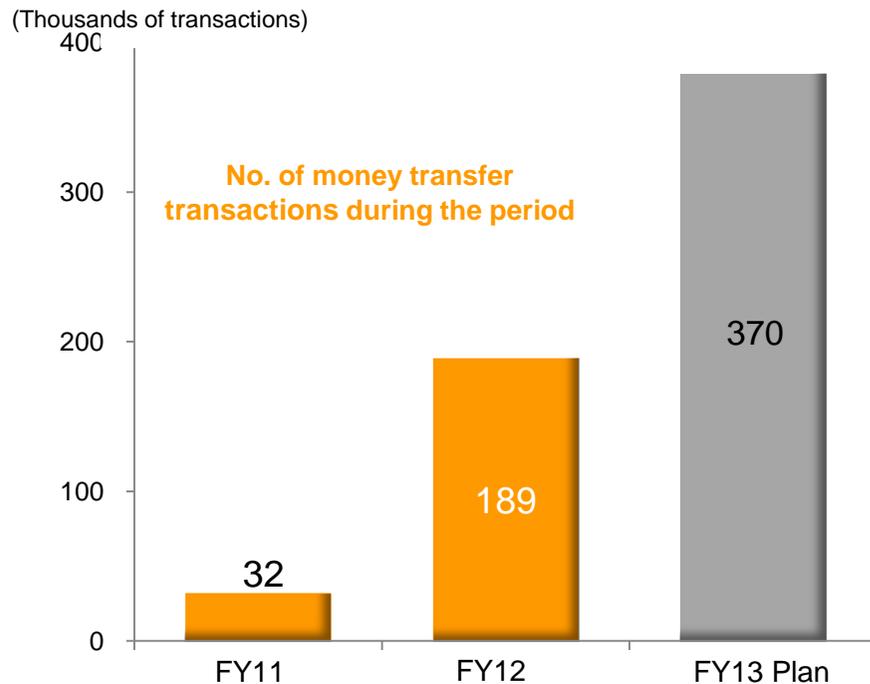
- Fiscal 2012: Commenced alliances with 10 new banks
- Fiscal 2013: Plans to commence alliances with six new banks. There are nine banks with whom alliances have not been concluded.

New alliances commenced in fiscal 2012			New alliances to be commenced from fiscal 2013			Yet to form an alliance
Hyakujushi Bank	(Kagawa)	May 2012	Shikoku Bank	(Kochi)	April 2013	Regional banks 7
Nishi-Nippon City Bank	(Fukuoka)	May 2012	Iyo Bank	(Ehime)	April 2013	Other banks 2
Hokuto Bank	(Akita)	May 2012	Ehime Bank	(Ehime)	April 2013	
Senshu Ikeda Bank	(Osaka)	August 2012	Bank of Kochi	(Kochi)	April 2013	
Kagawa Bank	(Kagawa)	October 2012	Mie Bank	(Mie)	April 2013	
Tokushima Bank	(Tokushima)	October 2012	Shimane Bank	(Shimane)	Autumn 2013	
Ogaki Kyoritsu Bank	(Gifu)	November 2012				
Michinoku Bank	(Aomori)	January 2013				
Toyama Bank	(Toyama)	January 2013				
Awa Bank	(Tokushima)	February 2013				

## International money transfer services

- Undertook event and other activities and expanded language inquiry response capabilities in fiscal 2012
- Continue focusing on capturing new customers to achieve the present one million target (earnings scale of ¥2.0 billion) for the number of money transfer transactions

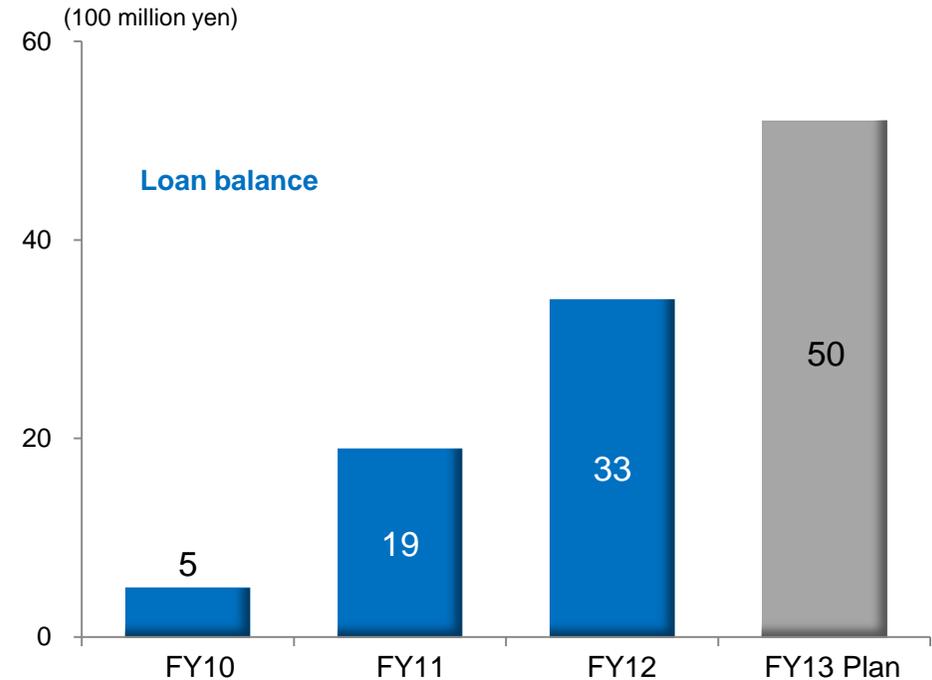
**Fiscal 2013 target for the number of transactions: 370,000**



## Personal loan services

- Steady increase in the loan balance by approaching customers with low cost and effective proposals
- Targeting a loan balance of ¥8.0 billion for the foreseeable future (earnings scale of ¥1.2 billion)

**Fiscal 2013 loan balance target: ¥5.0 billion**



## Balance sheet as of March 31, 2013

(Billion yen)

Cash and due from banks : 471.8 (1)	Deposits: 394.3 (4)
Securities: 83.6 (2)	Bonds and borrowings: 173.0
ATM-related temporary payments: 174.9 (3)	ATM-related temporary advances: 61.7 (5)
Other: 79.1	Other: 43.2
	Net assets: 137.0

Assets: 809.4

Liabilities + Net assets: 809.4

- (1) Cash placed in our ATMs
- (2) Used mostly for exchange settlements and as collateral for overdrafts on Bank of Japan accounts
- (3) Occurs when a withdrawal is made from an ATM
- (4) Deposits held by individuals: ¥251.2 billion; corporate deposits: ¥94.8 billion
- (5) Occurs when a deposit is made at an ATM

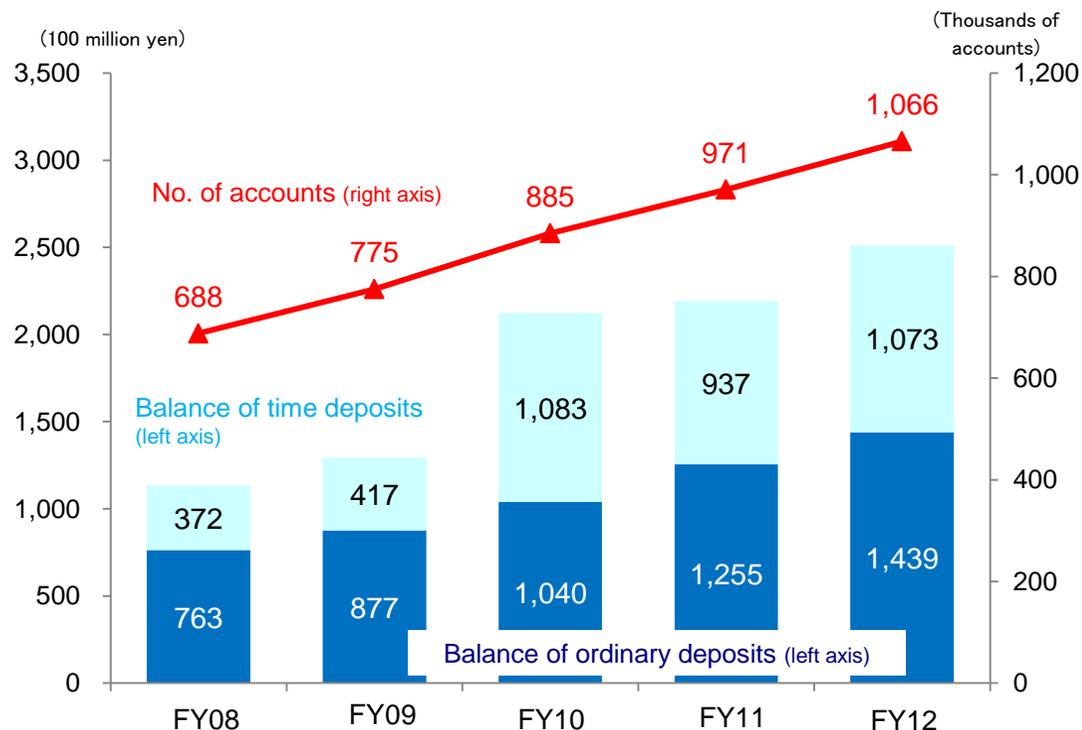
Note: Figures are truncated

## Financial soundness and creditworthiness

Non-consolidated capital ratio (Japanese standards): 50.13% (Preliminary figure)

Credit rating (as of March 31, 2013): S&P AA- (Long-term counter party rating)  
R&I AA (Issuer rating)

## Total of accounts held by individuals, and deposit balance



## Policy

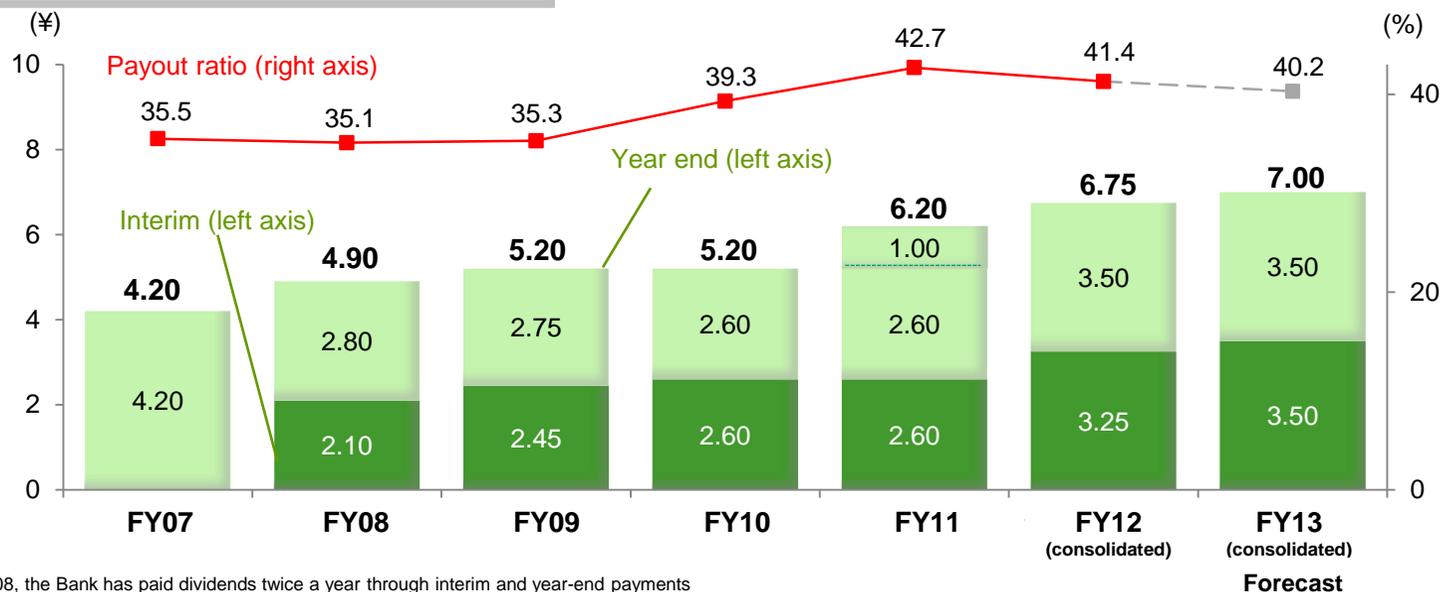
Seven Bank aims to maintain a stable dividend payout, targeting a minimum consolidated payout ratio of 35% through twice-yearly payments

## Paid and forecast dividends

Fiscal 2012: Increased the period-end dividend to ¥3.50 per share; together with the interim dividend, the annual dividend came to ¥6.75 per share (total dividends paid of ¥8.0 billion)

Fiscal 2013: Plans to pay an annual dividend of ¥7.00 per share comprising an interim dividend of ¥3.50 per share and a period-end dividend of ¥3.50 per share (total planned dividends paid of ¥8.3 billion)

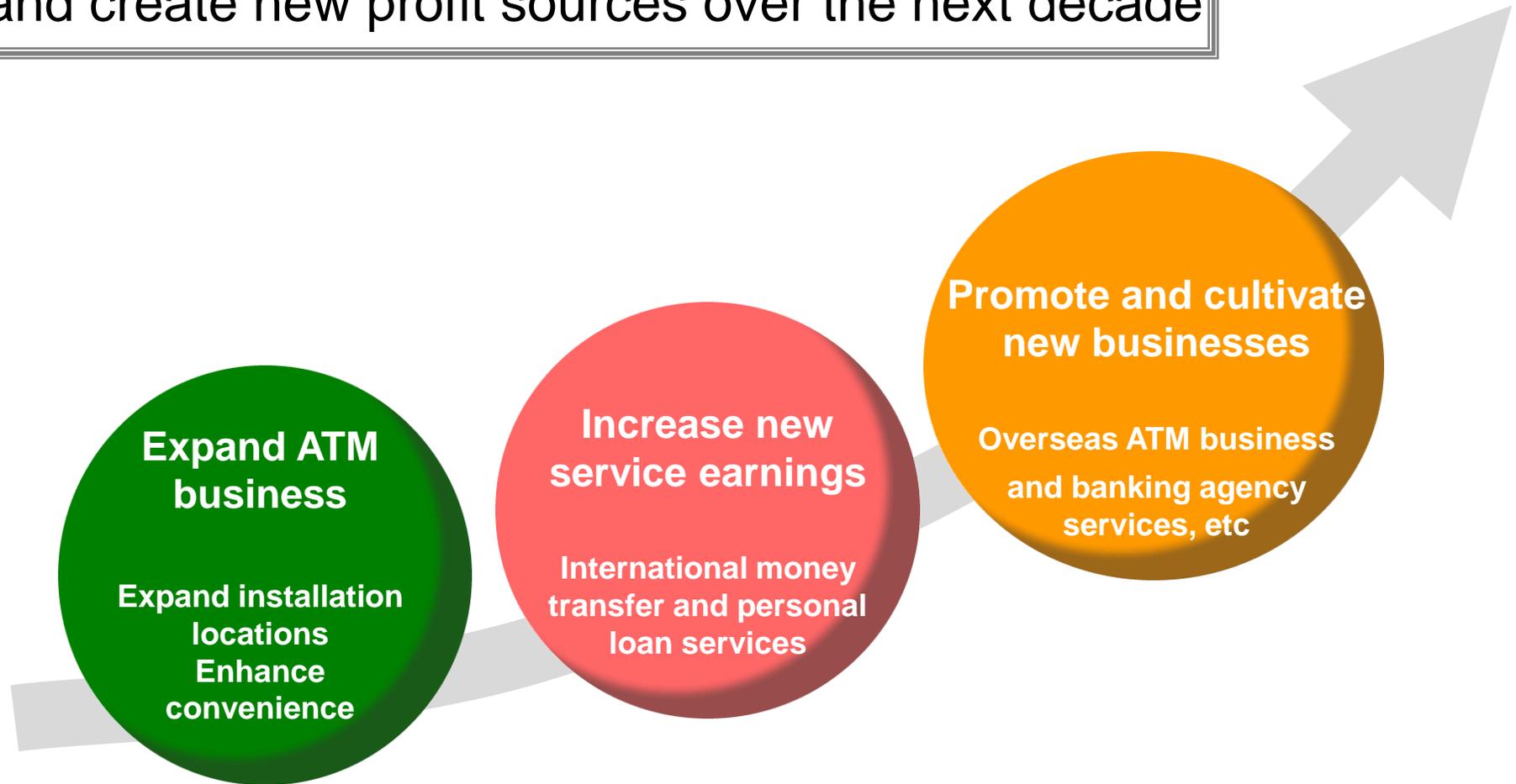
## Dividends and dividend payout ratio



Notes:

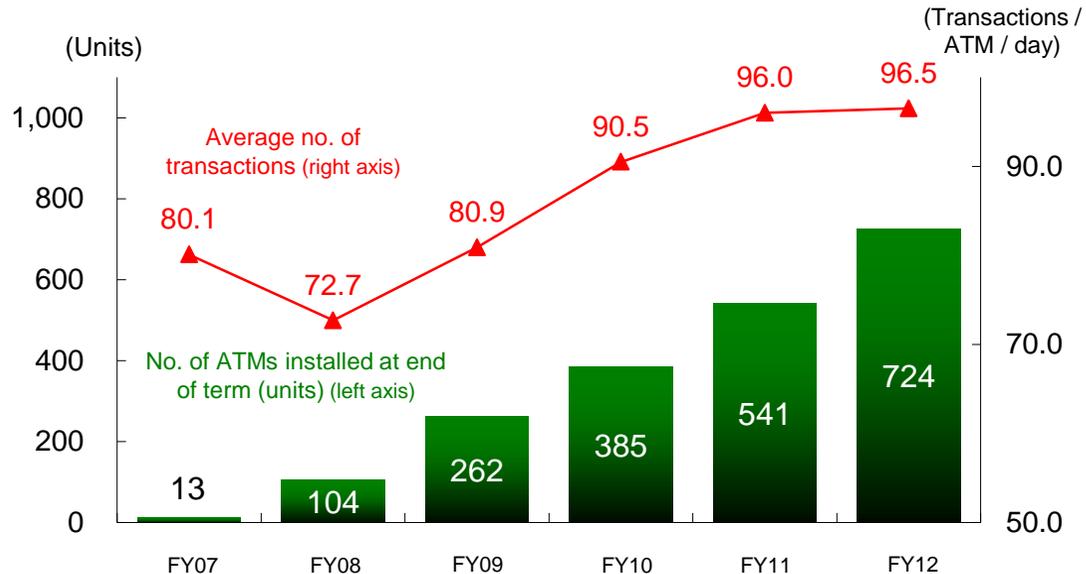
- From FY08, the Bank has paid dividends twice a year through interim and year-end payments
- On December 1, 2011, the Bank carried out a 1000-for-1 stock split (common shares). The graph shows previous-year dividend payments assuming that the stock split had already taken place
- The period-end dividend for fiscal 2011 includes an extra commemorative payment of ¥1.00 per share following the Bank's listing on the Tokyo Stock Exchange; increase in the period-end dividend of ¥0.25 per share for fiscal 2012

Aim to expand the ATM Business  
and create new profit sources over the next decade



## ■ ATMs in locations outside the group (excluding securities companies)

<<The total number of units installed and the average number of transactions>>



<<Breakdown of installation locations>>

	FY07	FY08	FY09	FY10	FY11	FY12
Airports	9	22	30	30	33	36
Train station & transport facilities	1	24	61	71	84	98
Commercial facilities	—	32	115	196	298	417
Others	3	26	56	88	126	173
<b>Total</b>	<b>13</b>	<b>104</b>	<b>262</b>	<b>385</b>	<b>541</b>	<b>724</b>

## Major ATMs in locations outside the Group

Expand operations to meet various installation needs, reflecting operating performance in Seven-Eleven stores, etc.



### Marunouchi North Exit, Tokyo Station (Bureau de Change)

- Display strengths mainly by enabling the use of cash and credit cards issued overseas



### Tokyo Metro Lines (Eight stations)

- Achieved large-scale installations by approaching companies that own numerous commercial complexes as well as major transportation facilities

### Tokyo Solamachi and Shibuya Hikarie

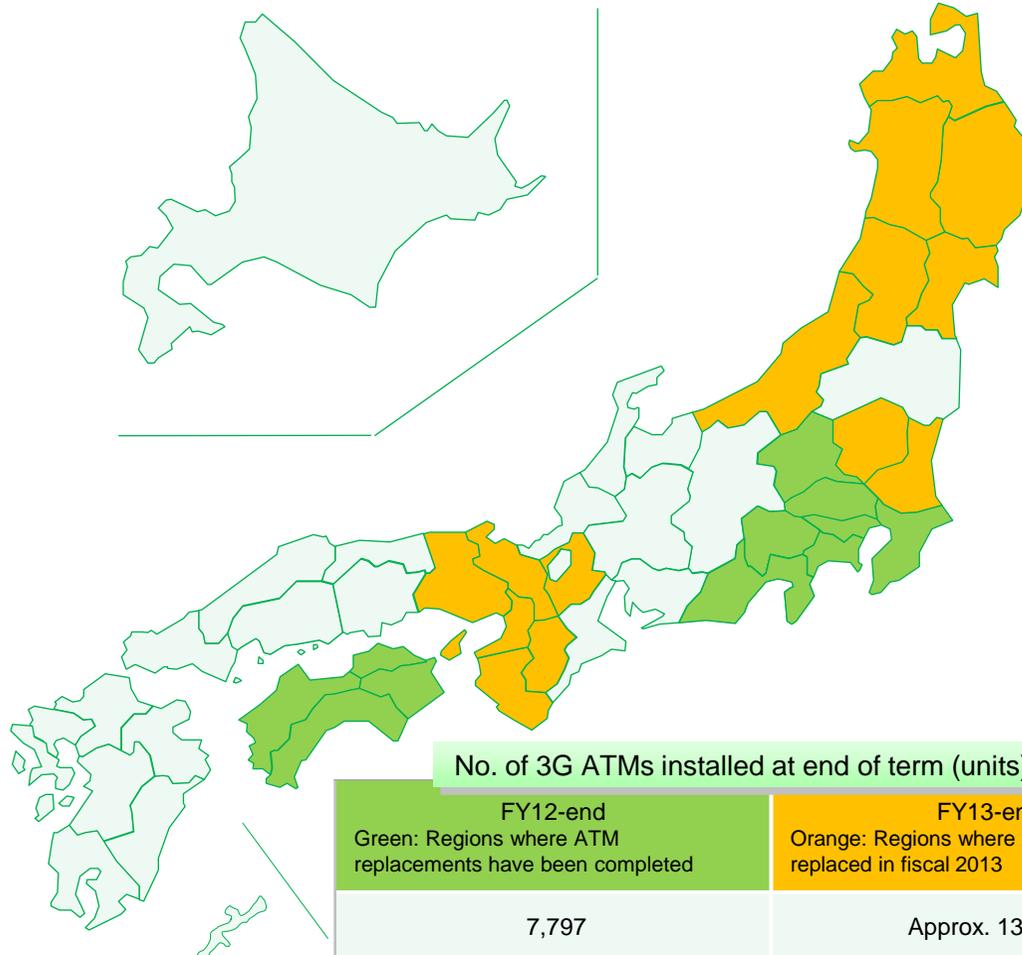
- ATMs installed within Tokyo Solamachi, adjacent to Tokyo Skytree, a newly popular tourist destination, and Shibuya Hikarie, a large-scale commercial facility which recently opened in Shibuya

## Further improve convenience

- Actively develop ATMs that meet customer and social needs, including reducing transaction time and saving energy
- Replace majority of ATMs with third-generation (3G) models in fiscal 2013 and the remainder by 2015



《 3G ATM 》



## Improve security and safety

- Plan to expand IC card transactions using cash and credit cards issued overseas (already compatible with domestic bank transactions)
- Develop and introduce ATM foreign object detection and monitoring systems



**Strictly maintain ATMs that cannot be used for criminal purposes**

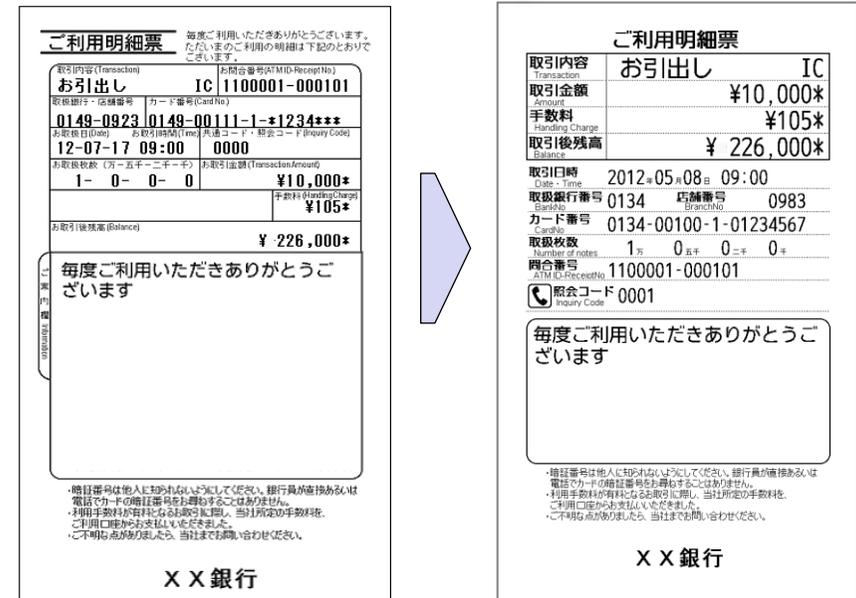
## Easy-to-understand ATM screen

- (1) Font sizes increased **1.5 to two times**
- (2) **Concise instructions**
- (3) Adopt a more **user-friendly color scheme** for ATM users



## User-friendly receipt

- (1) **Simplified layout** taking into consideration customer needs
- (2) Important information presented in **bold easy-to-read lettering**



Note:

1. Progressively commence from May 2013; plans to install in all ATMs by August
2. The aforementioned initiatives are limited to deposit-taking financial institutions and securities companies.

- Enhance the quality and uniqueness of the Bank's services in an effort to better distinguish Seven Bank from its competitors
- In addition to face-to-face marketing; upgrade and expand non-face-to-face services and inquiry response capabilities

**FY2013**

FY2012

FY2011

Increase the number of money transfer transactions to over one million within the next three to four years

H2 2013 Multilingual ATM screens (Accommodate transactions in the same nine languages as those used at the customer service centers)

February 2013 Established the Customer Service Center for International Money Transfers

- Consolidate customer points of contact encompassing inquiries, application receipt, information, etc.
- Provide multilingual services in a total of nine languages (Japanese, English, Chinese, Tagalog, Portuguese, Spanish, Thai, Vietnamese, and Indonesian)

## Basic data (as of December 31, 2012)

Company name	Financial Consulting & Trading International, Inc.
Location	Los Angeles, California, U.S.A.
No. of employees	38
No. of ATMs	2,542
Common stock	US\$19 million
Total assets	US\$44 million
Acquisition amount (purchase price)	US\$136 million

ATMs installed in more than 2,500 locations all over the North America



## Business outline

- [Business development throughout the North America](#)  
 Pursue ATM business operation in the U.S., the world's largest market for ATM services
- [High transaction volume](#)  
 ATMs are installed chiefly at truck stops where usage is frequent
- [High fee income per transaction](#)  
 In addition to ATM network fees paid by financial institutions, FCTI secures customer fees through directly owned ATMs
- [Low costs](#)  
 Low operational costs due to the use of basic ATM models and a limited number of personnel

## ATM features



- Procured mainly from U.S. and South Korean manufacturers
- Low-cost ATM specializing in withdrawal services (US\$2,000 to US\$3,000 per unit)
- Cash replenishment function is outsourced (off-balance sheet assets)
- Transactions are limited to US \$20 bills only

- Fiscal 2013: Ordinary income US\$55.8 million; profitable operations with ordinary profit at US\$2.0 million
- Work toward expanding profit margins by increasing the number of ATM installations going forward

(Unit: Million US\$)

	FY12 Full year results (consolidation period)	FY13 Plan	
		Full year	H1
Ordinary income	10.5	55.8	23.4
Ordinary expenses	10.4	53.7	23.2
Ordinary profit	0.1	2.0	0.3
Net income	0.1	2.0	0.3

**Notes:**

1. The relevant period of FCTI consolidation (October 6, 2012 to December 31, 2012) only has been included in consolidated financial results for the full fiscal 2012 period.
2. Amounts less than one unit have been truncated.

## Principal benchmark plan

	FY12 (consolidation period)	FY13
No. of ATMs installed at end of term (units)	2,542	3,300
Total no. of transactions (millions)	3.7	20.9

Note: The total number of transactions is the number of transactions during the relevant period of FCTI consolidation (October 6, 2012 to December 31, 2012).

## Impact on consolidated financial results

- Amount of goodwill: Approximately US\$88 million (period of amortization: 10 years)
- Non-goodwill amortization required for intangible fixed assets : US\$66 million (weighted average period of amortization: 12 years)

**Notes:**

1. The relevant period of FCTI consolidation (October 6, 2012 to December 31, 2012) only has been included in consolidated financial results for the full fiscal 2012 period.
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