

Financial Results for Fiscal 2013

May 2014

Seven Bank, Ltd.



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

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FY13 Financial Results

[Non-consolidated]

- Ordinary income (¥99.8 billion) and ordinary profit (¥37.1 billion) both increased year on year, resulting in three consecutive years of rising revenues and profits
 - The number of ATM installations broke through the 19,500 level. The growth in the number of transactions per ATM was moderated due to the impact of a switch from a surcharge free on ATM use to a fee at the retail level by our partner banks, while ATM-related fee income was almost in line with the initial projections.
 - The total number of international money transfers increased to 390,000 on an annual basis; the personal loan (services) balance also expanded to ¥5.2 billion

[Consolidated]

- Ordinary income (¥105.5 billion), Ordinary profit (¥35.7 billion)
- Period-end dividend of ¥4.00 per share, for an annual dividend of ¥7.50 per share (¥0.5 increase from the initial plan)

FY14 Outlook

- Higher revenues and higher profits forecast on the back of further ATM business expansion and growth in account-related services
 - ATM installations projected to achieve a net increase of 1,500 and reach 21,000 at the end of March 2015
 - International money transfer services projected to reach 600,000 on an annual basis; personal loan services expected to post a closing balance of ¥7.5 billion
- Make a solid advance in the ATM business in North America and Indonesia
- Forecast both interim and Period-end dividends of ¥3.75 for an estimated annual dividend of ¥7.50 per share

<< Non-Consolidated >>

(Unit: Billion yen)

	FY13 Actual results	FY14 Plan	
		Full year	H1
Ordinary income	99.8	104.9	52.1
Ordinary expenses	62.6	67.4	33.1
Ordinary profit	37.1	37.5	19.0
Net income	22.3	24.1	12.2

<< Consolidated >>

(Unit: Billion yen)

	FY13 Actual results	FY14 Plan	
		Full year	H1
Ordinary income	105.5	113.2	56.1
Ordinary expenses	69.8	76.7	37.6
Ordinary profit	35.7	36.4	18.4
Net income	21.2	23.1	11.6

Notes:

1. Amounts less than one unit have been truncated.
2. Exchange rates used in the consolidated results are ¥97.73 to the US dollar for fiscal 2013 and ¥102.00 to the dollar for fiscal 2014 plan.

<<Reference: Consolidation periods for the consolidated companies>>

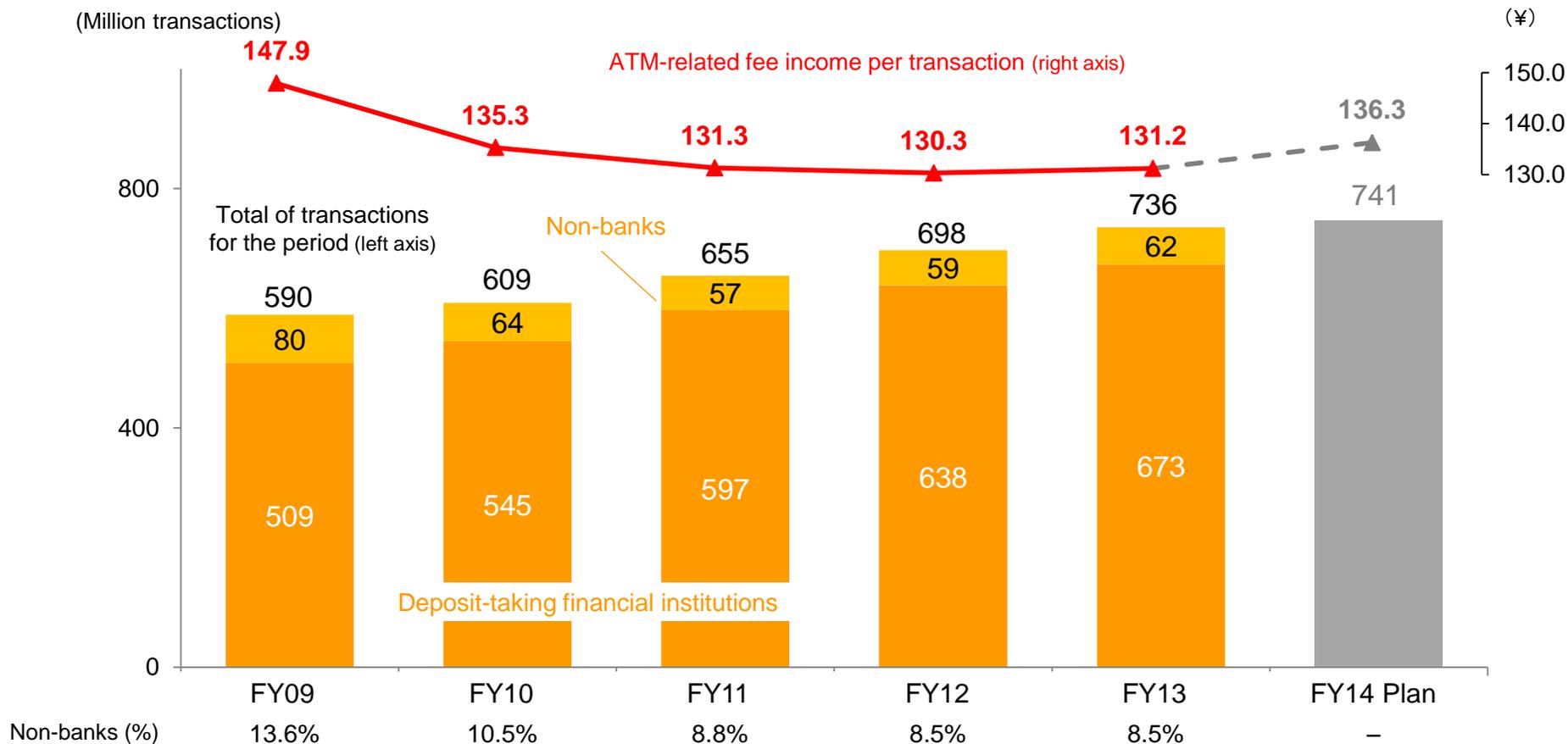
		
Full fiscal year 2013	April 2013 to March 2014	January 2013 to December 2013

(Unit: Billion yen)

	FY12 Actual results	Revised plan (February 2014)	FY13 Actual results	Changes from FY12 results	FY14 Plan			
					Full year	Changes from FY13 results	H1	Changes from FY13 results
Ordinary income	94.1	99.0	99.8	5.7	104.9	5.1	52.1	2.2
ATM-related fee income	88.8	93.5	94.3	5.5	98.8	4.5	49.2	1.9
Ordinary expenses	62.0	62.0	62.6	0.6	67.4	4.8	33.1	2.9
Interest expenses	1.6	-	1.8	0.2	1.3	(0.5)	0.6	(0.3)
ATM placement fee expenses	10.6	-	11.3	0.7	11.6	0.3	5.8	0.1
Outsourcing expenses	15.8	-	16.3	0.5	16.7	0.4	8.2	0.0
Maintenance fees	3.9	-	3.7	(0.2)	3.6	(0.1)	1.7	(0.1)
Rent for premises and equipment	0.9	-	0.6	(0.3)	0.9	0.3	0.4	0.1
Depreciation and amortization	13.8	-	11.6	(2.2)	15.6	4.0	7.3	1.9
Ordinary profit	32.0	37.0	37.1	5.1	37.5	0.4	19.0	(0.7)
Extraordinary gain (loss)	(0.5)	(0.9)	(1.0)	(0.5)	(0.1)	0.9	(0.0)	0.1
Income taxes	11.9	13.7	13.8	1.9	13.3	(0.5)	6.7	(0.7)
Net income	19.5	22.3	22.3	2.8	24.1	1.8	12.2	0.1
No. of ATMs installed at end of term (units)	18,123	19,500	19,514	1,391	21,000	1,486	20,300	1,456
ATM-related fee income per transaction (yen)	130.3	-	131.2	0.9	136.3	5.1	136.4	7.0
Daily average transactions per ATM (transactions/ ATM /day)	111.1	107.6	107.8	(3.3)	100.5	(7.3)	101.7	(9.6)
Total no. of transactions (millions)	698	735	736	38	741	5	369	(5)

- 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 5.3% year on year to 736 million
- Deposit-taking financial institution transactions: +5.3%; non-bank transactions: +5.6%

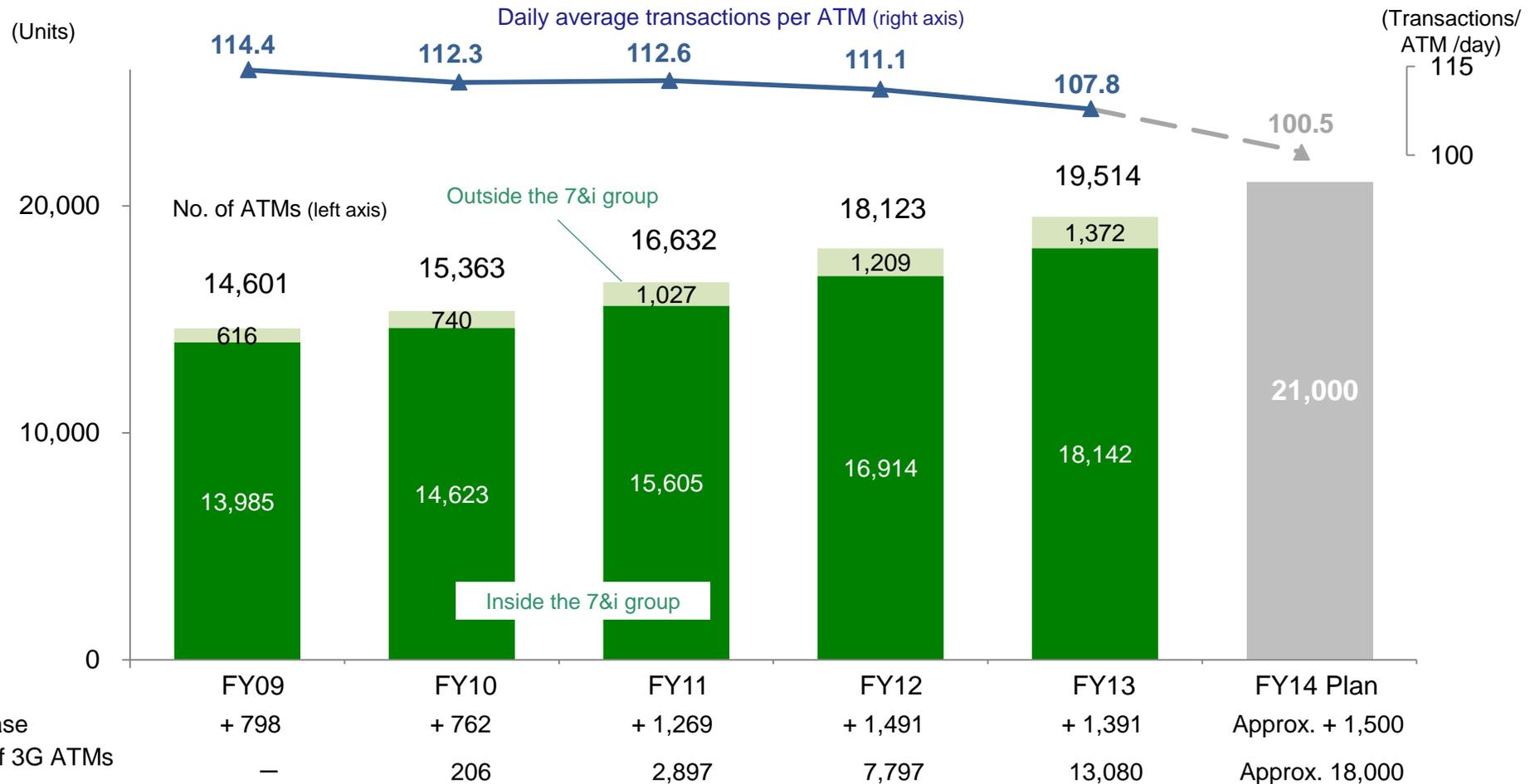


Notes:

1. Total of transactions 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.
3. $\text{ATM-related fee income per transaction} = \frac{\text{ATM-related fee income}}{\text{Total of transactions} - \text{Total of transactions without ATM-related fee income (i.e. sales proceeds deposits)}}$
4. 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

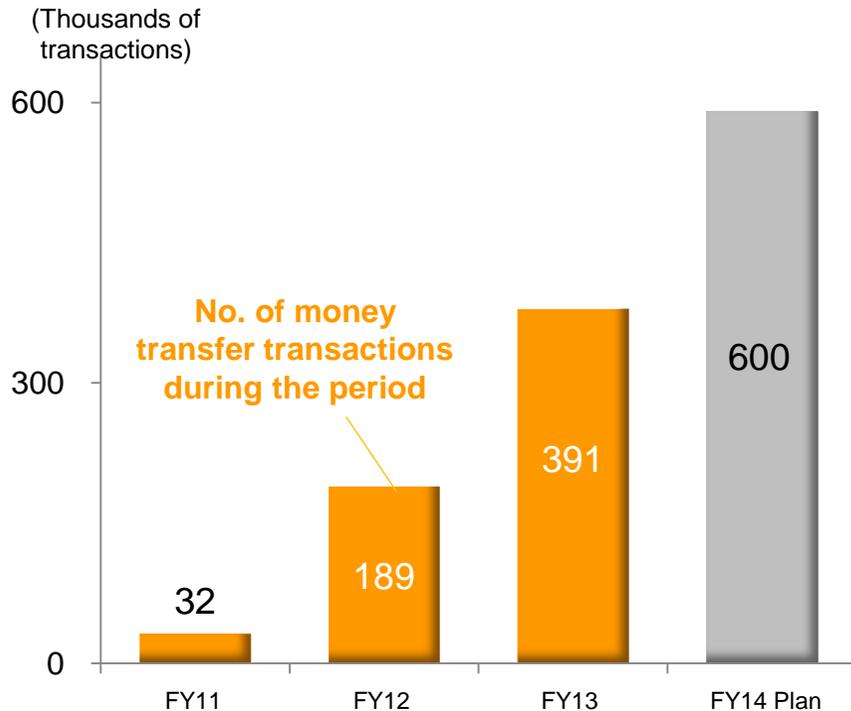
- Steady increase in the number of ATMs installed both inside and outside the Group
- A net increase in ATM installations of approximately 1,500 for fiscal 2014



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.

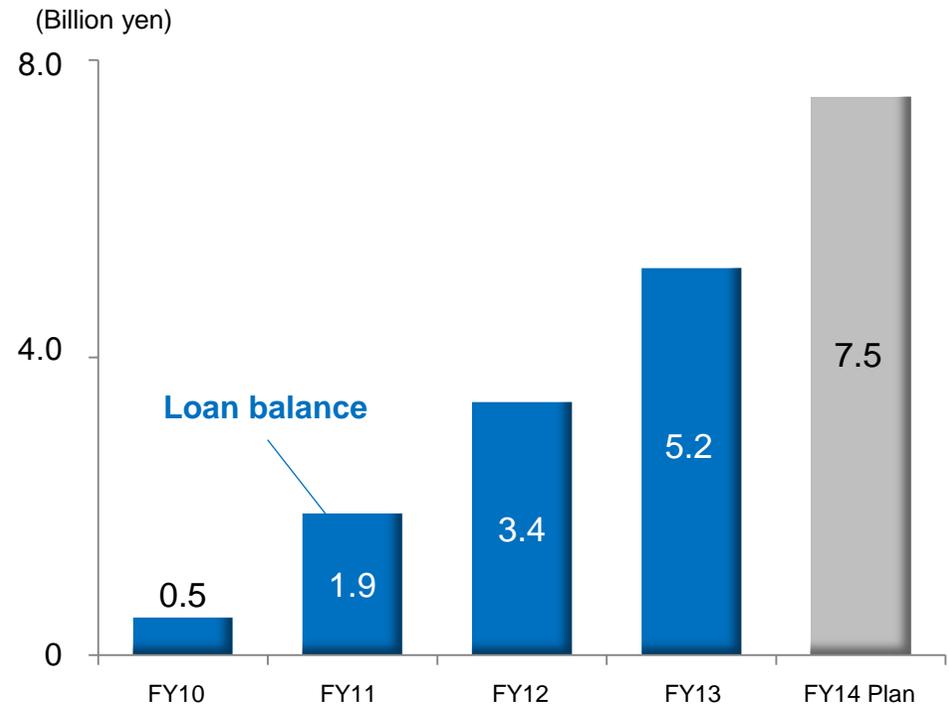
International money transfer services

- Number of money transfer transactions doubled to 391,000 in FY2013
- Strengthened selling to achieve the present one million target (earnings scale of ¥2.0 billion) for the total number of money transfer transactions on an annual basis



Personal loan services

- Steady increase in the loan balance by approaching customers with low cost and effective proposals
- Operate more efficiently for greater profit



Balance sheet as of March 31, 2014

(Billion yen)

Cash and due from banks: 504.4 (1)	Deposits: 437.5 (4)
Securities: 110.3 (2)	Bonds and borrowings: 136.0
ATM-related temporary payments: 92.7 (3)	ATM-related temporary advances: 40.9 (5)
Other: 77.9	Other: 19.8
Assets: 785.3	Net assets: 151.1
	Liabilities + Net assets: 785.3

- (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: ¥312.1 billion; corporate deposits: ¥125.2 billion
- (5) Occurs when a deposit is made at an ATM

Note: Figures are truncated.

Financial soundness and creditworthiness

Non-consolidated equity ratio (Domestic Standards)

52.47% (Preliminary basis)

Credit ratings (as of end March 2014)

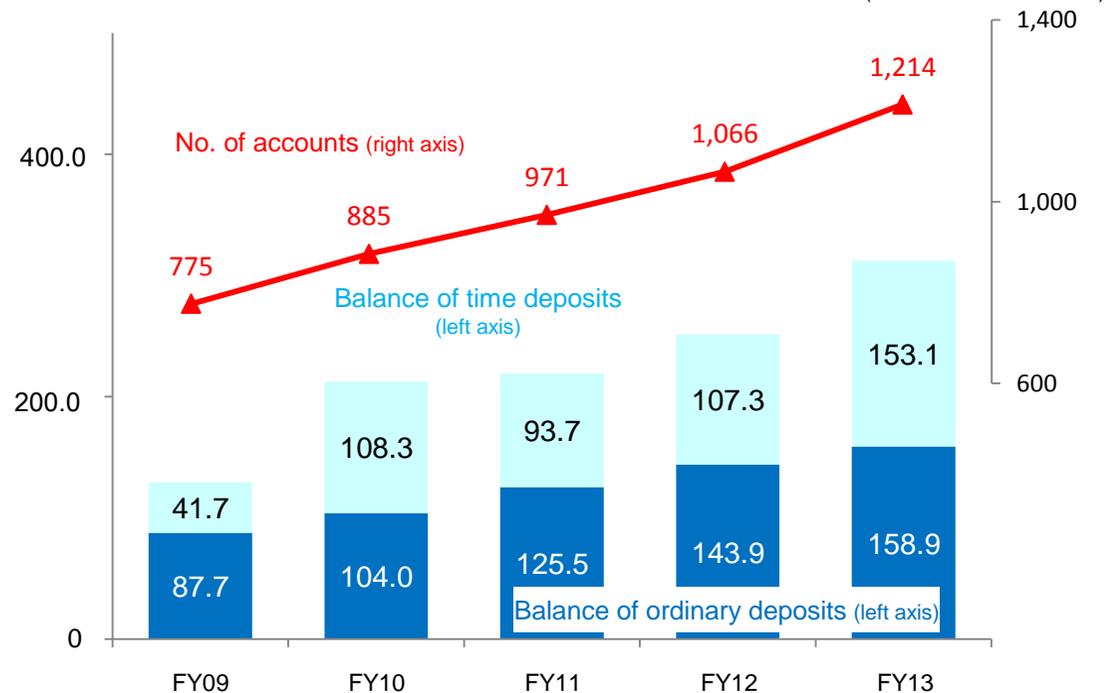
S&P AA- (Long-term issuer credit rating)

R&I AA (Issuer credit rating)

Total of accounts held by individuals, and deposit balance

(Billion yen)

(Thousands of accounts)



Policy

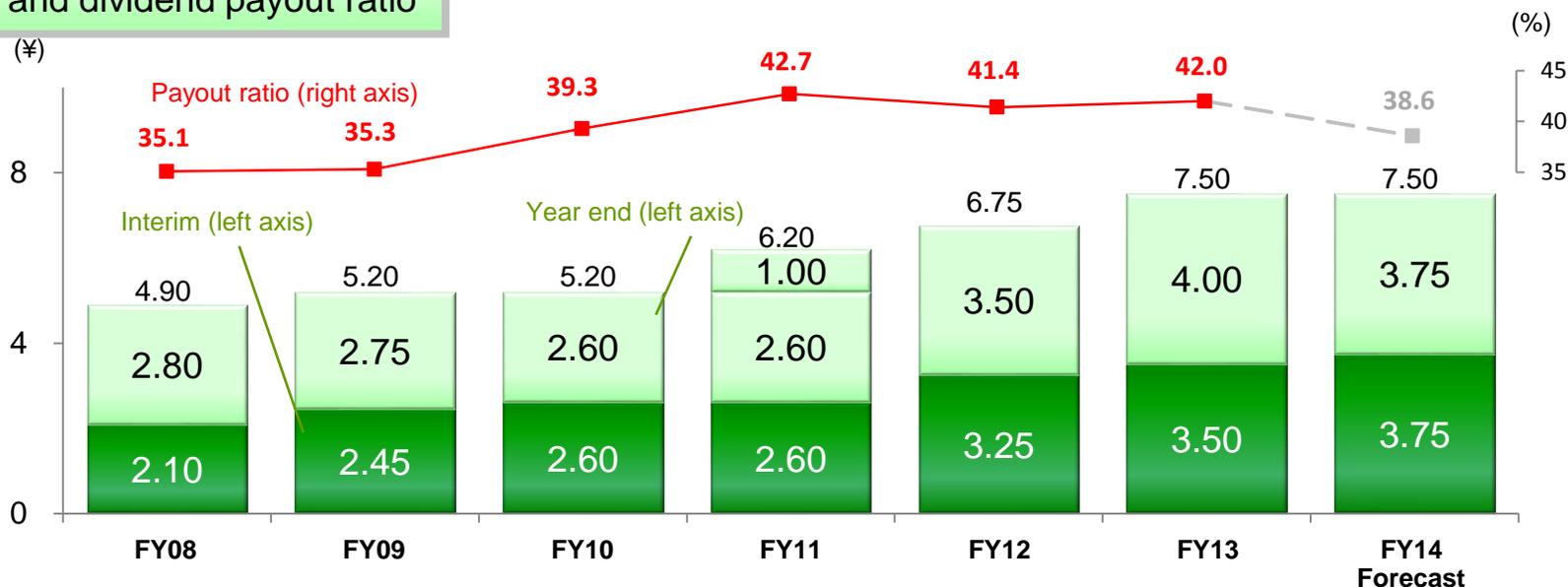
Seven Bank aims to maintain a stable dividend payout, targeting a minimum consolidated payout ratio of 35% through twice-yearly payments

Paid and forecast dividends

Fiscal 2013: Increased the period-end dividend to ¥4.00 per share; together with the interim dividend, the annual dividend came to ¥7.50 per share (total dividends paid of ¥8.9 billion)

Fiscal 2014: Plans to pay an annual dividend of ¥7.50 per share comprising an interim dividend of ¥3.75 per share and a period-end dividend of ¥3.75 per share (total planned dividends paid of ¥8.9 billion)

Dividends and dividend payout ratio

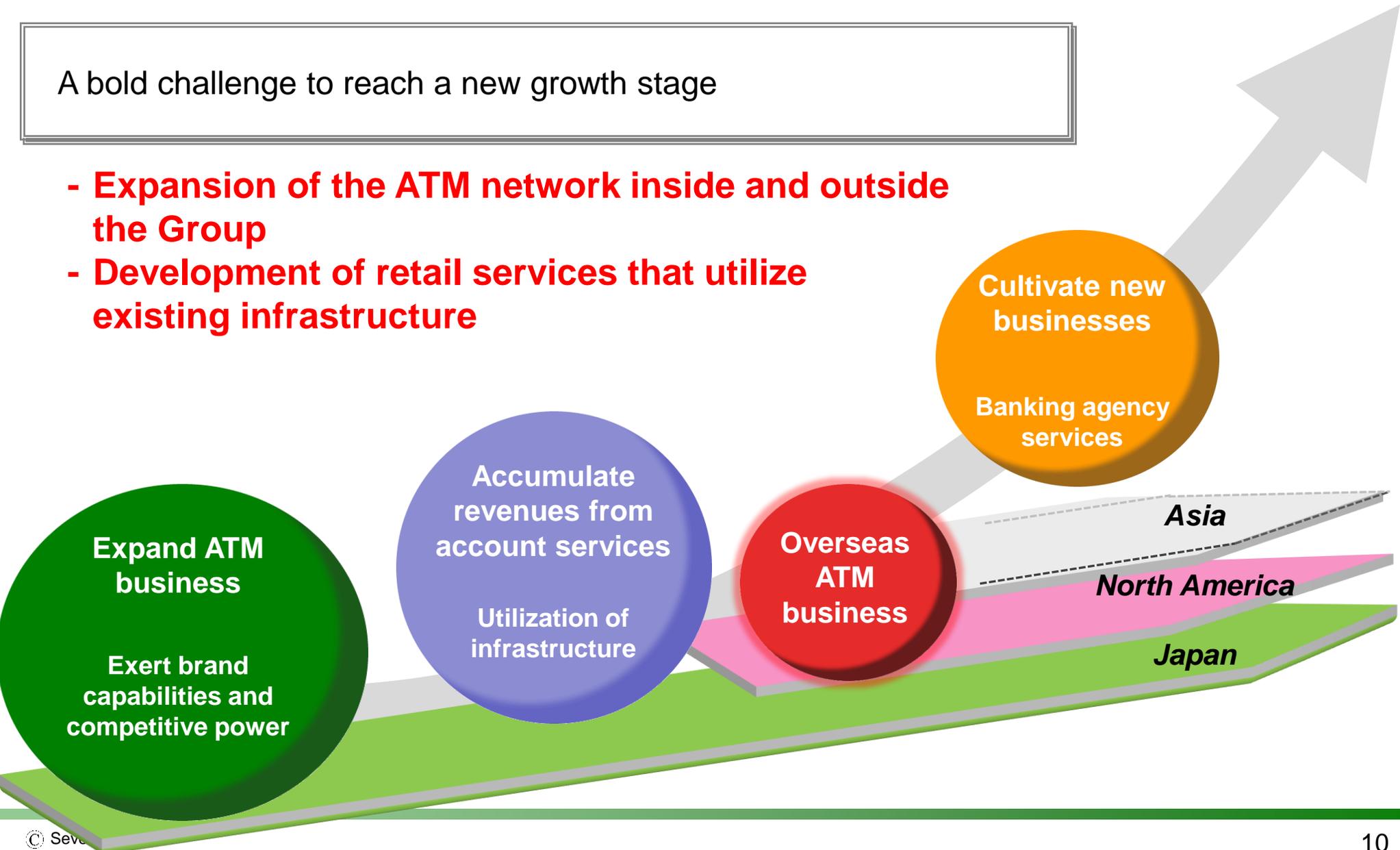


Notes:

1. From FY08, the Bank has paid dividends twice a year through interim and year-end payments
2. 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
3. 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
4. Financial results were recorded on a consolidated basis in fiscal 2012 and thereafter.

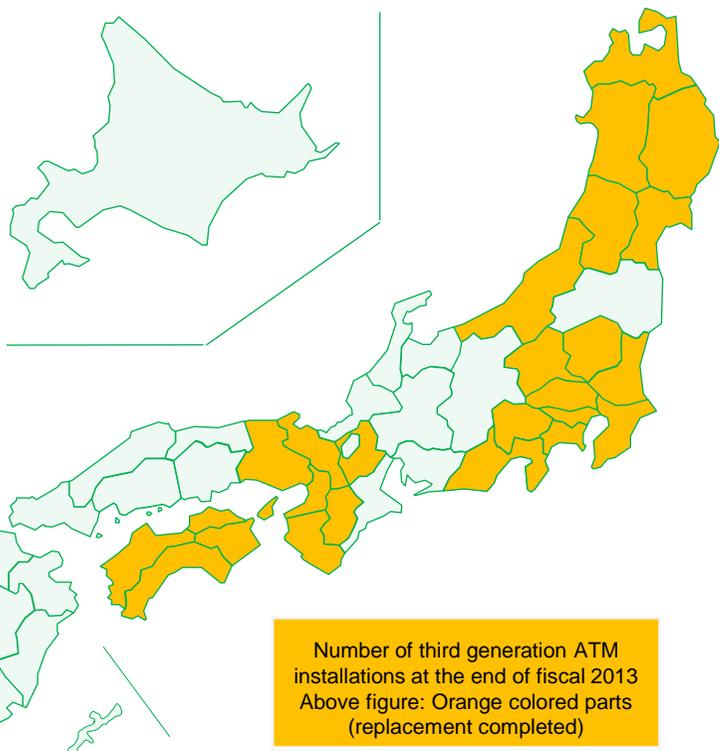
A bold challenge to reach a new growth stage

- **Expansion of the ATM network inside and outside the Group**
- **Development of retail services that utilize existing infrastructure**



Status of development of the third generation ATMs in pursuit of utmost customers' convenience

- Replaced two thirds of existing ATMs with the new type as at the end of fiscal 2013.
- Installations of the new type ATMs will be completed during fiscal 2015 and 2016.



Number of third generation ATM installations at the end of fiscal 2013
Above figure: Orange colored parts (replacement completed)

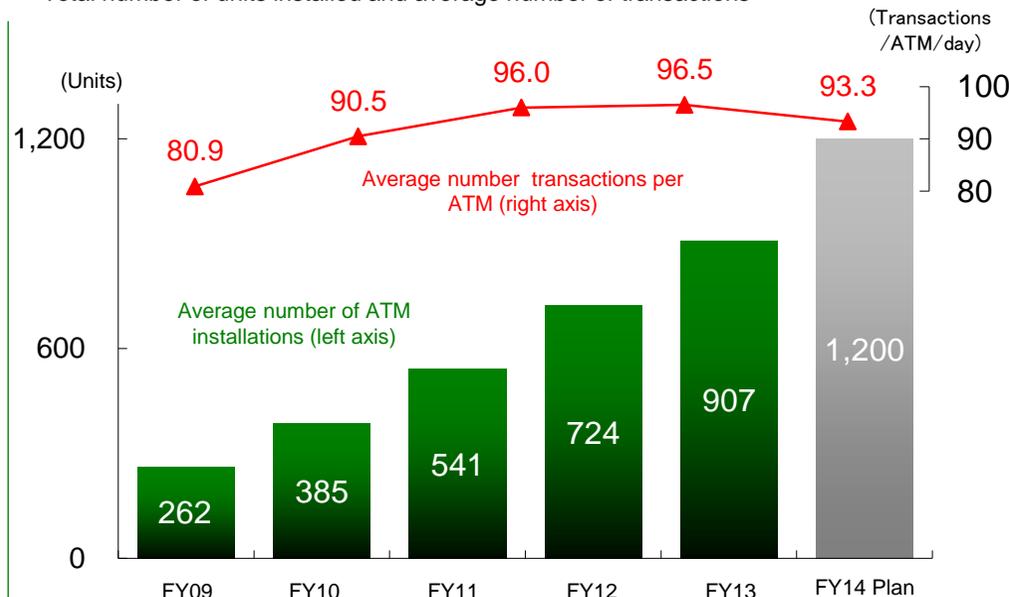
13,080



Third generation ATM

Expansion of the number of ATM installations outside the Group (excluding securities companies)

Total number of units installed and average number of transactions



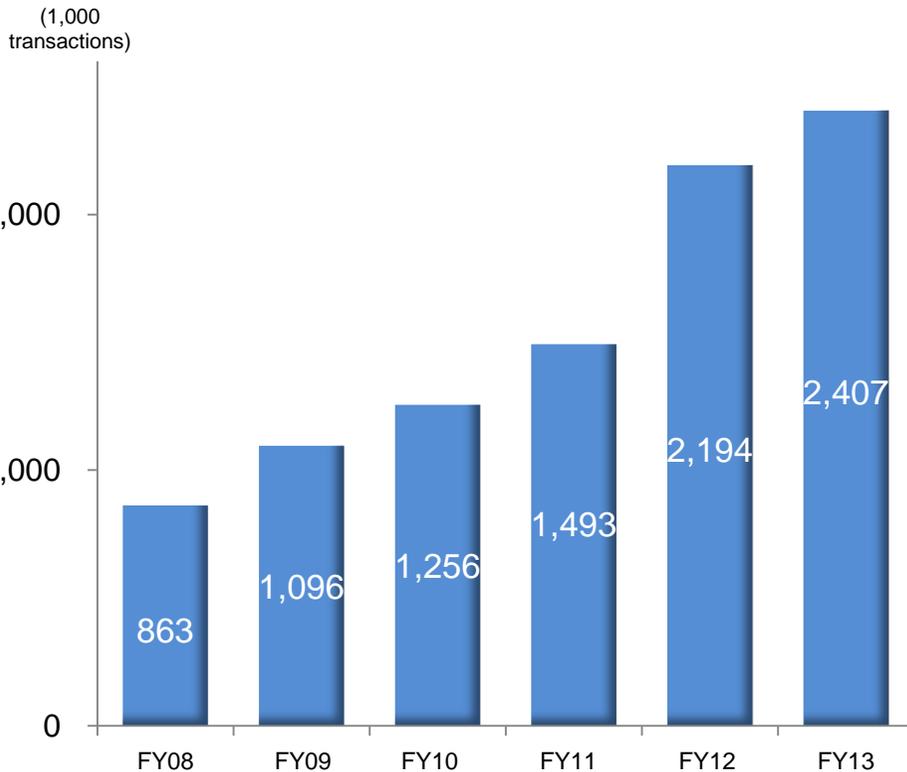
Breakdown of installation locations

(Unit: Number of ATM installations)

	FY09	FY10	FY11	FY12	FY13
Airports	30	30	33	36	36
Stations and other transportation-related facilities	61	71	84	98	138
Retail facilities	115	196	298	417	539
Others	56	88	126	173	194
Total	262	385	541	724	907

- The number of transactions using overseas cards has doubled in the last three years.
- Distribution, tourism, transportation => ATM services targeted at foreigners => Increase in the number of nearby, convenient ATMs

Number of transactions with overseas cards



List of available brands



* The use of some of Maestro cards with IC chips are not supported for the time being.

Achieve maximum ease of use for overseas cards

Trading screens available in 4 languages

- English, Korean, Chinese, and Portuguese are supported. Detailed lists and audio guidance are also available.

Operators are always ready to respond in English to inquiries from ATMs.



- The number of ATM installations outside the Group is expected to be 300 units in fiscal 2014 (compared to 218 units in the previous fiscal year.)
- Increase the number of ATMs in the Kansai area in addition to the Tokyo metropolitan area.

Further expansion in Tokyo metropolitan area

Seventy-four ATMs will be installed in one third (57 stations) of all stations on Tokyo Metro subway lines this spring.

- Tokyo Metro Kasai Station



- Tokyo Metro Shinjuku Sanjome Station



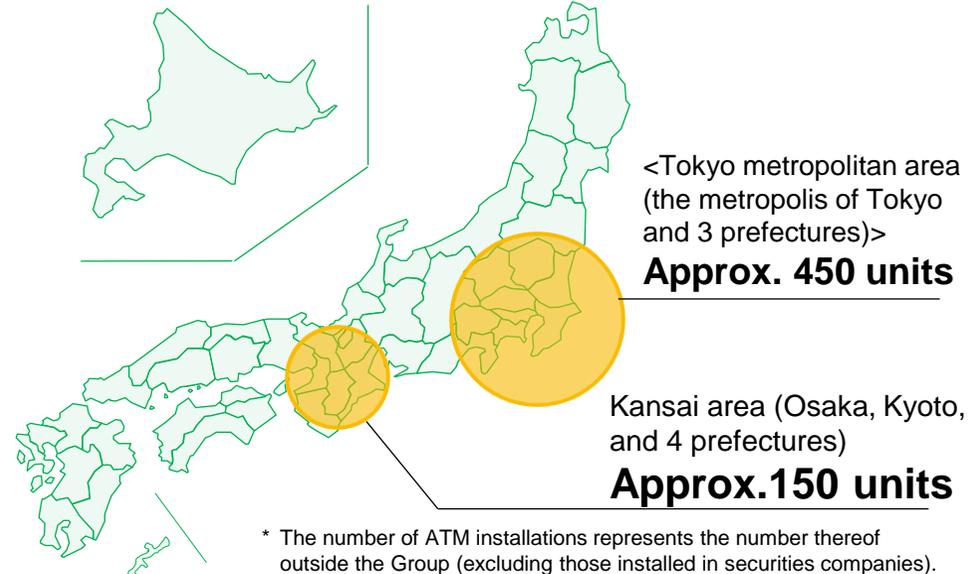
- “Gran Roof” over Tokyo Station

- Toei Subway

- Keisei Railways

Enhance ATM installations also in Kansai area

Increase the number of ATM installations under the key words of distribution, tourism, and transportation.



Other ATM installations outside the Group

Expand the number of ATM units jointly installed with financial institutions and pursue role as alternate ATMs.

Account services (expansion of international money transfer service)

■ By strengthening sales activities, seek to increase the number of money transfer transactions and enhance revenue growth.

Non-face-to-face selling

Effectively use our webpages and web advertisement as well as SNS



Operating activities at banking outlets and face-to-face selling

Continue operating activities at manned outlets and through various events



Customer Center for International Money Transfers

Inquiries are supported in nine languages

Individual support for opening of an account and transferring money



A scene on an ATM for international money transfer

ATM transactions are supported in nine languages on ATM screens

- The maximum remittance amount and remittance charges were revised to improve usability.
- Registration of additional beneficiaries can be completed online.

ATM supported by 9 languages



Enhance service differentiation by providing support in multiple languages and convenience of money transfer using ATMs

Overseas business development

- Fiscal 2014: Ordinary income US\$81.0 million; profitable operations with ordinary profit at US\$2.1 million.
- In September 2013, FCTI acquired the ATM business of Global Axxess Corp. and strengthened its sales and marketing bases.
- The joint venture in Indonesia is scheduled to be established in June 2014.

FCTI

(Unit: Million US\$)

	FY13 Actual results	FY14 Plan	
		Full year	H1
Ordinary income	58.9	81.0	38.8
Ordinary expenses	58.6	78.8	38.1
Ordinary profit	0.3	2.1	0.6
Net income	1.0	1.3	0.4
EBITDA	6.4	9.1	3.9

Note 1. Amounts less than one unit have been truncated.

2. EBITDA = ordinary profit + depreciation and amortization cost + interest expenses

Principal benchmark plan

	FY12 (consolidation period)	FY13 Actual results	FY14 Plan
No. of ATMs installed at end of term (units)	2,542	7,176	7,493
Directly owned ATMs (units)	2,542	5,126	5,403
Total no. of transactions (millions)	3.7	24.6	38.9

Note 1. ATMs that are not directly owned belong to the owner of the facility where they are located.

Note 2. The total number of transactions for fiscal 2012 represents only the figure applicable to the consolidated reporting period (October 6, 2012 – December 31, 2012).

Status of distribution of FCTI bases

