

Financial Results Briefing for Fiscal 2013: Key Questions and Answers

Q1 I believe that the ATM usage fee contracts are to be renewed from April 2015, what is the current status of the negotiations? Are usage fees to be reviewed, prices lowered, or what?

A1 It is true that fiscal 2015 is the time for contract renewal. We are at the stage where we are to begin talks with each financial institution. Therefore, there is nothing I can say about usage fees or other matters at this stage.

Q2 What progress have you made toward ATM installation at Seven-Eleven stores in North America? What are you aware of that is lacking to achieve this end and what countermeasures are you taking?

A2 The contract of the company that is now installing ATMs in Seven-Eleven stores in North America is set to expire in 2017 and Seven Bank intends to replace them and install ATMs.

At present, though not at the negotiation stage, we are steadily putting together proposals that will convince 7-Eleven, Inc. to install Seven Bank Group's ATMs when we are compared to their current ATM installation company.

FCTI (Financial Consulting & Trading International, Inc.) has a track record of managing and operating more than 7,000 ATMs in North America, and it has tackled all challenges, therefore, we do not think there is any need for concern about FCTI from an operational standpoint.

Q3 Could you talk about the business model in Indonesia as well as ATM installation sites? Also, how are they factored into the revenue plan?

A3 Because local banks have ATMs installed in the more than 100 Seven-Eleven stores now in Indonesia, mainly Jakarta, Seven Bank is not thinking of installing ATMs in Seven-Eleven stores in the immediate future. We envision ATM installation in stations and commercial facilities that are not part of a group like we think of in Japan, so in that sense, it would be something like FCTI. From the viewpoint of local small- to mid-sized banks, ATM operation is costly; therefore Seven Bank is also considering the installation of ATMs at locations where those banks need them.

We are now in the process of dispatching personnel to establish the company, the plan for marketing and number of ATMs will be worked out next.

Q4 What sort of contract will you have for ATMs installed outside the Group and what will the break-even point number be?

A4 Contracts for ATMs installed outside the Group will differ for each contract. At locations where heavy usage is expected, a higher installation fee may be required. Conversely, at locations that we consider unlikely to be profitable, even though the other party may requests installation, we may ask them to pay operating expenses. At the current standard wherein the average daily transaction per ATM exceeds 90 transactions, we can generally generate income. Please understand that on average, the cost structure of ATMs for inside and outside the Group does not differ that much.