

Financial Results Briefing for the Second Quarter of Fiscal 2015
Key Questions and Answers

- Q1 What is the outlook for personal loan services? Is there a possibility that you will make any changes in product marketability, such as increasing the maximum amount?
- A1 Seven Bank has positioned personal loans as an overdraft service offered on its accounts. Personal loans are expanding as a result of advertising that primarily targets Seven Bank account holders, and growth will likely continue for the time being. We have gotten to know how to conduct effective advertising, so we will place more emphasis on efficiency in future ads. We don't have any concrete plans for changes in marketability now, but we will work hard to keep improving our services based on customers' feedback.
- Q2 What is the current status of your consideration of new-generation ATMs?
- A2 Seven Bank has begun a study of new, fourth-generation ATMs. Although we are aware of some problems with the progress of cashless transactions, even with the increase in use of electronic money and other virtual transactions, there is sure to be a need for ATMs as a physical cashpoint. One example of a physical service that does not use cash is our international money transfer service. Financial technology also offers the potential for various new financial services, and there will be changes in the way payments are made, in particular. We believe that the importance of convenience stores is likely to increase, not just for private-sector retail financial services, but also in the field of public-sector procedures. In developing fourth-generation ATMs, we must forecast 10 or 20 years ahead, but it is difficult to make accurate predictions. What we need is to ensure flexible development. Focusing exclusively on hardware and software won't allow us to meet future needs, so we are conducting development based on a stance of providing physical cashpoints with the flexibility to expand services.
- Q3 Do you think you might expand your service of accepting cash proceeds from sales in the future by handling loans for business customers or some similar product?
- A3 The businesses that are the customers for our service of accepting cash proceeds from sales have a variety of needs, but we will not be expanding our service menu for business customers. Seven Bank's intention is to provide support for businesses that handle cash. Even at convenience stores, where payments can now be made using electronic money or credit cards, most payments are in cash. In our services for business customers, we want to assist cash-based businesses.

Q4 You have said that the competitive environment for FCTI, Inc. in the United States is intensifying. What is your outlook for FCTI's income in the coming year and beyond?

A4 Currently, the main point of contention in the United States is the amount of commissions paid to the owners of locations where ATMs are installed. However, competition is not just a matter of price. The stable, reliable ATM operations that Seven Bank has established in Japan are a matter of basic quality. We think this point will be valued in the United States as well. We plan to focus on our advantages in terms of quality to differentiate ourselves while avoiding simple price competition. We are working to prevent a reduction in the number of ATMs from the current level or other substantial downturn in FCTI's results. The revision to our plan was formulated based on a policy of strictly maintaining the number of ATMs now in operation.

Q5 With a challenging operating environment for your business in the United States that doesn't allow you to increase the number of ATMs, do you have the option of vertical development like you have in Japan, such as owning a network company?

A5 By having its own in-house relay system in Japan, Seven Bank has achieved high profits from operating all stages up to processing (of transaction data, etc.). Acquiring a company with those functions in the United States and bringing those operations in-house would probably raise profitability. However, for the time being we are focusing on building a system for steady operations in U.S. 7-Eleven stores. Even if we do decide to enter other fields such as processing, that is a topic to be taken up at a later date.