

Financial Results Briefing for the Second Quarter of Fiscal 2016  
Key Questions and Answers

Q1 Your medium-term growth strategy shows the growth potential of businesses in terms of the increase in ordinary income. Can you give details such as the amount of their contribution to ordinary profit?

A1 Over the three-year period to fiscal 2019, we plan on growth in ordinary income of ¥15.0 billion in the ATM platform business, ¥5.0 billion in the settlement & account-related business, and ¥20.0 billion in the overseas business. Details, including specific figures, will be given in our next management plan, which is scheduled to be announced in spring 2017.

In the ATM platform business, we will grow in terms of both our offerings that meet changing customer needs and our scale by providing previously nonexistent services with new partners while steadily offering ATM services with our existing partners. In the settlement & account-related business, the issuance of new cash cards with a debit function, which started in October, got off to a good start. We will expand usage as we steadily promote this as a very appealing service for customers who patronize Seven-Eleven stores.

In the overseas business, we intend to expand income by working to introduce new services and reduce costs as we install ATMs at 7-Eleven stores in the United States from July 2017.

Q2 Other convenience stores have been taking various actions in ATM-related businesses. What do you think of the competitive environment?

A2 Currently, other convenience stores have installed ATMs, so we already have a competitive relationship. If there is going to be a change in this relationship, it is likely to be a change in fees. However, there have been no decisions or official reports on this issue.

Even supposing a reduction in fees to zero, we believe the impact on current conditions would be insignificant.

Although we expect our operating environment to change in this way, there will be no change in our efforts to further differentiate Seven Bank and provide more convenient ATM services to our customers.

Q3 Are you going to put more effort into your personal loan business? Is there any coordination with the 7&i Group's financial policy?

A3 In spring 2017, we will change the maximum loan amount from the current ¥500,000 to ¥1,000,000. We will do this to meet the strong needs of customers. We

want customers to use their Seven Bank accounts like a convenient, easy-to-use “instant wallet,” and we have positioned loans as one function for that purpose. As a result of this stance, we believe the balance and number of transactions should increase.

The 7&i Group announced its medium-term management plan in October. Financial services are positioned as an extremely important pillar of its growth strategies. We plan to consider new expansion as we continue building a closer relationship with the 7&i Group.

Q4 What is your business outlook for the United States, which is becoming a cashless society?

A4 While there are many customers who make cashless payments in the United States, customers who regularly patronize 7-Eleven stores have very high needs for ATM services. For example, there is a rising need to receive cash at ATMs using a prepaid card among people without a bank account who receive their salary as a check, which they then change to a prepaid card. Even in the U.S., which is said to be transitioning to a cashless society, new ways like this of using ATMs have been arising, and we believe the ATM business has potential for growth by providing services that respond to social change and technological progress.