

## Presentation on Financial Results for Second Quarter of Fiscal Year ended March 31, 2012

### Key Q&As

Q. Is the installation of 3G ATMs the reason for the expected increase in expenses in the second half of the fiscal year?

A. A full-scale rollout of 3G ATMs will take place in the next fiscal year, and therefore 3G ATM installations won't be a major factor. Increases in operational costs associated with the overall increase in ATMs and transactions, along with costs to promote international money transfers and other new services, are the main factors behind the expected increase in expenses.

Q. The decline in non-bank transactions narrowed in the first half of fiscal 2011. When do you forecast a rebound to year-on-year increases in non-bank transactions?

A. We expect year-on-year increases from around the next fiscal year.

Q. Of the ¥5.7 billion in depreciation expenses in the first half, what portion was for ATMs? If the number of 3G installations rises to 4,000 units in fiscal 2012, is it correct to assume your depreciation expenses will increase to a record high of ¥15.0 billion?

A. Depreciation expenses associated with ATMs represented about half of the overall depreciation expenses in the first half. For the current fiscal year, full-year depreciation expenses are expected to be about ¥13.0 billion, and for fiscal 2012, we expect full-year depreciation expenses to rise by about ¥2.0 billion. We expect depreciation expenses to peak in fiscal 2014.

Q. Some shareholders have suggested that since the Seven Bank business model is unique, you could maintain competitiveness even without introducing 3G ATMs.

A. When we made a decision to deploy 3G ATMs, we also considered the option of continuing to use 2G ATMs instead. We decided to deploy 3G ATMs after comparing the maintenance costs for 2G ATMs with the rollout costs for 3G ATMs, along with the reductions in operational costs and increased revenues offered by 3G ATMs, not to mention customer satisfaction. For a company that relies on ATMs installed at business partner sites, ATM service quality is the "lifeblood" of our business, and therefore we have to compare a variety of factors, and not just the expense.

Q. What are key concerns in the international money transfer business?

A. The prevention of money laundering is the biggest concern. We confirm customers' identity when they open an account, ask them to register the transfer recipient and the purpose of the transfer, and set a maximum transfer amount, among other prevention measures.