

Financial Results for the Second Quarter of Fiscal 2015



November 2015

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FY15 Interim Results

Non-Consolidated

■ Income increased and profit decreased year on year in the second quarter

- ATM usage and fees per transaction were as planned and personal loan services, etc., performed strongly. Ordinary income exceeded the plan
- Ordinary expenses exceeded the plan due to expenses for disaster response and security measures, etc. and ordinary profit fell slightly short of the plan

Consolidated

■ Income increased and profit decreased year on year

- Although ordinary income reached the plan, ordinary profit was below the plan because the U.S. subsidiary fell short of its plan

FY15 Outlook

■ Secure increases in both non-consolidated and consolidated income and profit for the full year

- On a non-consolidated basis, control expenditures while maintaining growth in ordinary income
⇒ Upward revision of the full-year plan for both income and profit
- Despite downward revision of plan for U.S. subsidiary, etc., maintain initial plan for consolidated results and achieve increases in income and profit

Income Statement (Non-Consolidated)

	FY14 Actual results	H1 results	FY15 Initial plan	H1 plan	FY15 H1 results	Changes from FY14 H1 results	Revised FY15 Plan (as of Nov. 6)
Ordinary income	105.6	52.6	110.5	55.1	55.3	2.7	111.1
ATM-related fee income	98.9	49.5	102.5	51.4	51.4	1.9	102.6
Ordinary expenses	67.3	32.4	71.4	35.1	35.5	3.1	71.5
Interest expenses	1.2	0.6	1.2	0.6	0.6	0.0	1.2
ATM placement fee expenses	11.9	5.9	12.5	6.2	6.3	0.4	12.7
Outsourcing expenses	16.8	8.3	17.3	8.7	8.8	0.5	17.7
Maintenance fees	3.7	1.8	4.0	1.8	1.9	0.1	3.7
Rent for premises and equipment	0.9	0.4	0.9	0.4	0.4	0.0	0.9
Depreciation and amortization	15.0	7.1	17.5	8.6	8.6	1.5	17.5
Ordinary profit	38.2	20.2	39.0	20.0	19.8	(0.4)	39.5
Extraordinary gain (loss)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	0.1	(0.1)
Income taxes	13.6	7.1	12.8	6.6	6.5	(0.6)	13.0
Net income	24.4	12.9	26.0	13.3	13.2	0.3	26.3
EBITDA	53.3	27.3	56.6	28.6	28.4	1.1	57.0
No. of ATMs installed at end of term (units)	21,056	20,307	22,400	21,700	21,779	1,472	22,400
ATM-related fee income per transaction (yen)	136.2	136.1	133.6	133.8	133.8	(2.3)	133.7
Daily average transactions per ATM (transactions/ ATM /day)	100.9	102.5	99.0	100.7	100.7	(1.8)	99.1
Total no. of transactions (millions)	743	372	785	393	393	21	785

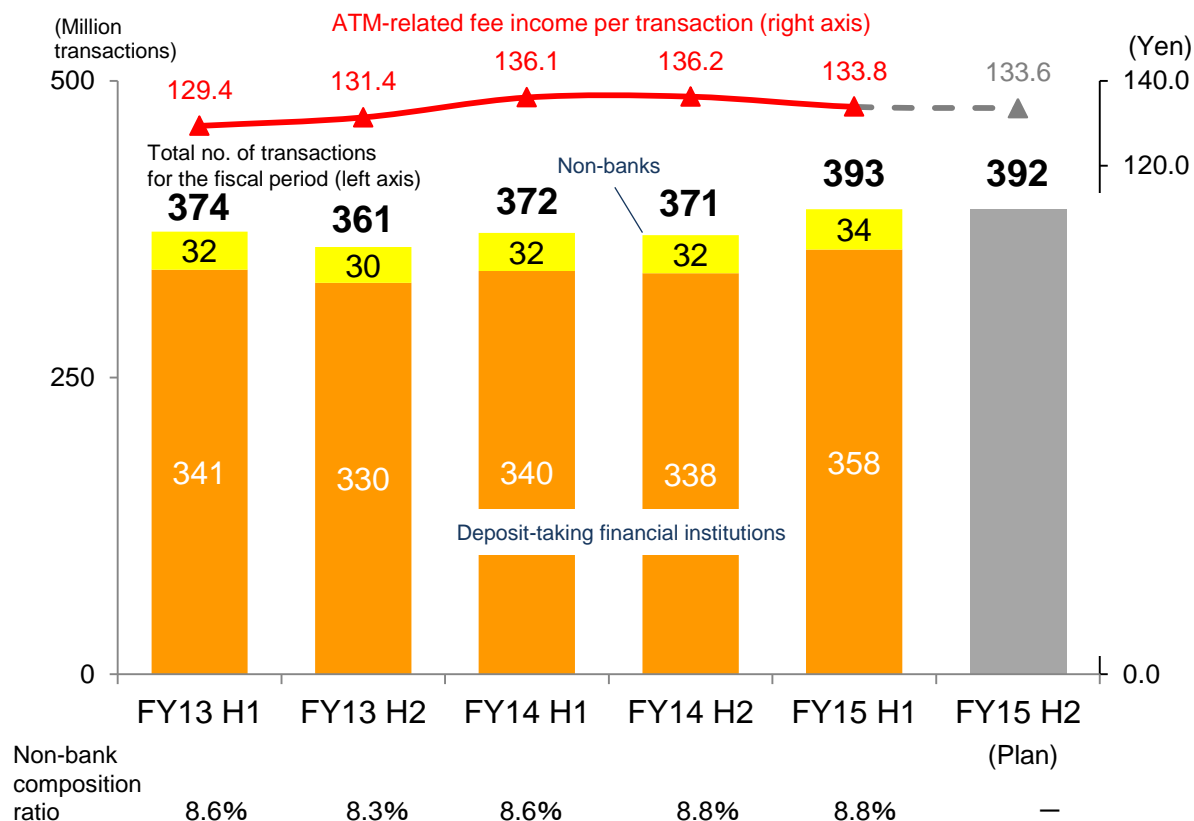
Notes:

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).
3. EBITDA = Ordinary profit + depreciation and amortization

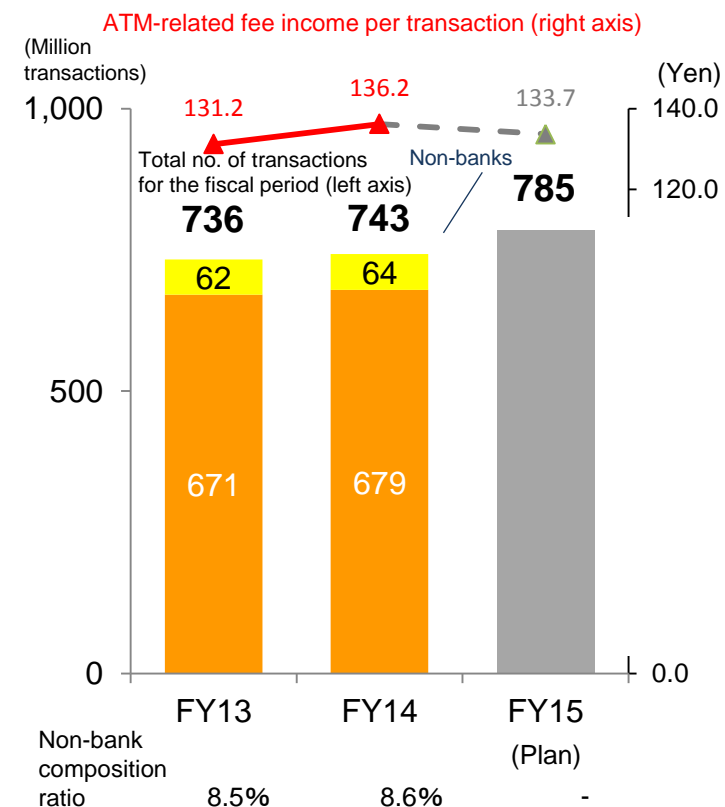
(Unit: Billion yen)

ATM Usage and Related Fee Income per Transaction

Half-year results



Full-year results



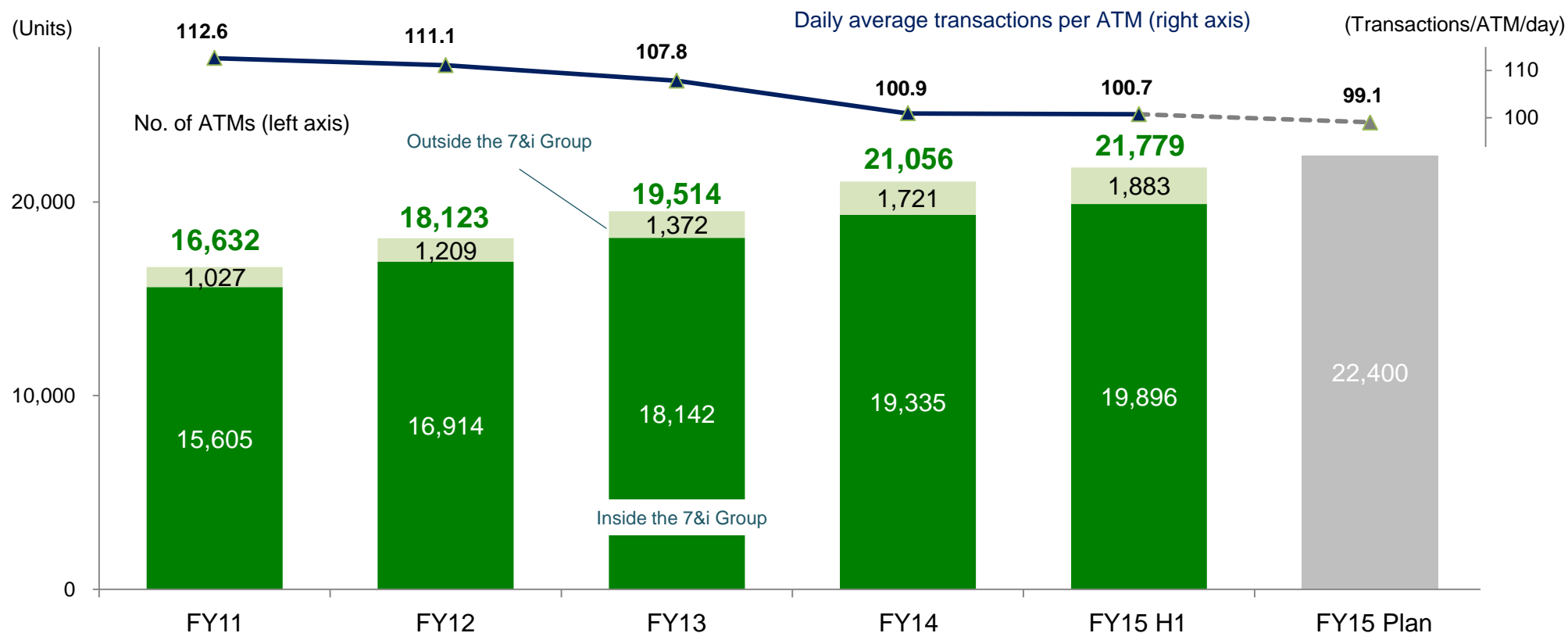
Notes: 1. Total of transactions for the period exclude balance inquiries, e-money charges, PIN changes and daily withdrawal limit changes.

2. Amounts less than one unit have been truncated.

3. ATM-related fee income per transaction = ATM-related fee income / (Total of transactions – Total of transactions without ATM-related fee income (i.e. sales proceeds deposits))

4. In this report, securities, life insurance, credit card, consumer credit, consumer financing and overseas credit card companies are all referred to as “non-banks.”

Number of ATMs and Daily Average Transactions per ATM



Net increase (Year-on-year)	+1,269	+1,491	+1,391	+1,542	+723	+ Approx. 1,300
Number of 3G ATMs (FY-end)	2,897	7,797	13,080	17,603	19,871	Approx. 21,300

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.

- Proactive rollout of ATMs at transportation, tourist, retail and other locations capitalizing on the advantage of handling cards issued overseas

Examples of ATMs installed



First Directly Managed Location in the Kansai Region Opened

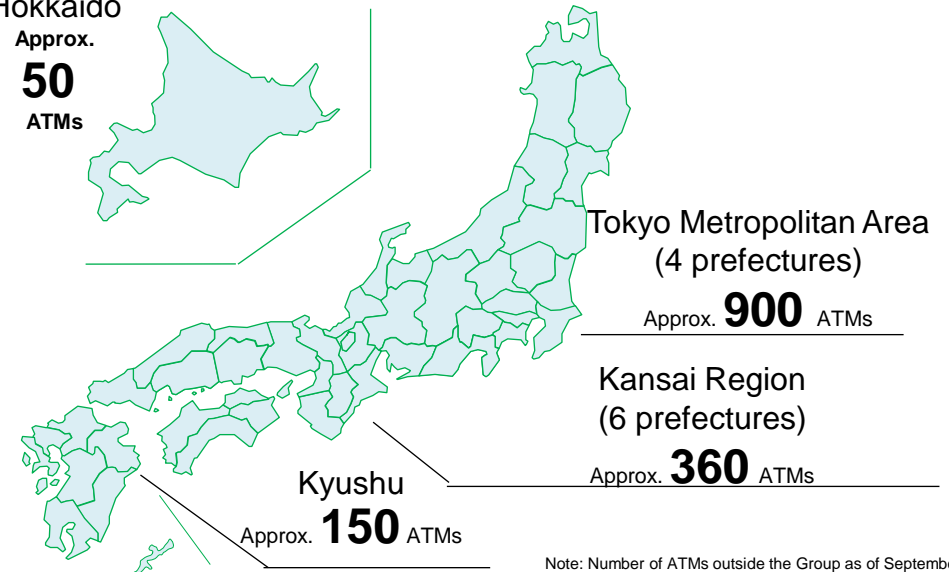
The third directly managed ATM corner in Japan, following Shinjuku and Shimbashi, opened in Umeda, Osaka in July 2015



	FY11	FY12	FY13	FY14	FY15 H1
Airports	33	36	36	39	42
Stations and other transportation-related facilities	84	98	138	207	246
Retail facilities	298	417	539	724	825
Others (Securities companies, etc.)	612	658	659	751	770
Group total	1,027	1,209	1,372	1,721	1,883

Hokkaido
Approx.

50
ATMs

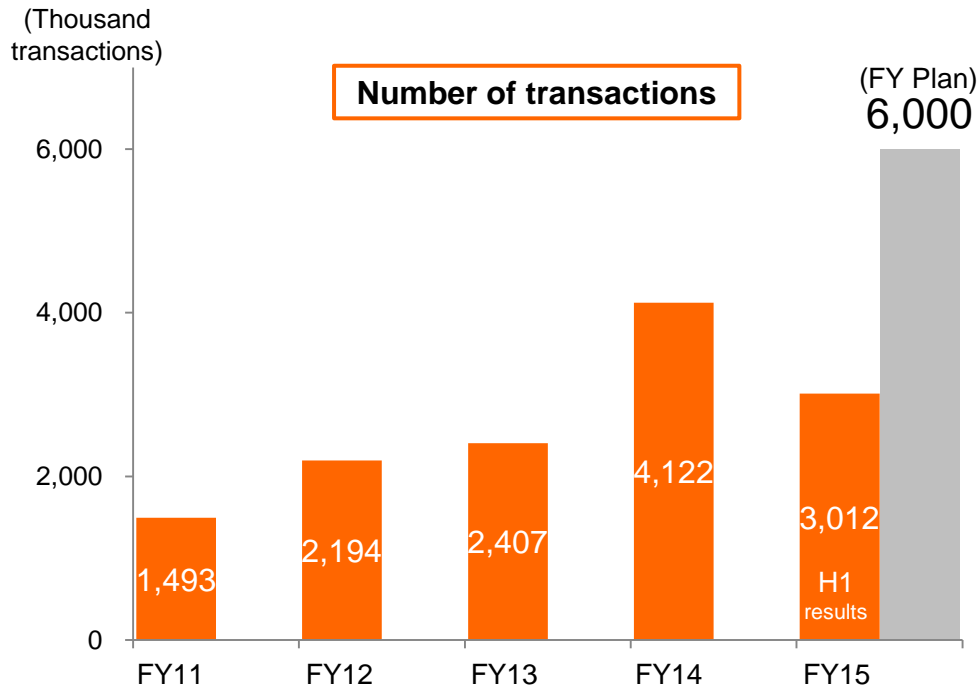


Note: Number of ATMs outside the Group as of September 30

- Number of transactions using cards issued overseas increased approximately 70% compared with the same period of the previous year
- Collaborated with the Group on proactive publicity for foreigners visiting Japan



Cards issued overseas



Response to inbound tourism

- Proactive publicity on the benefits of using cards issued overseas



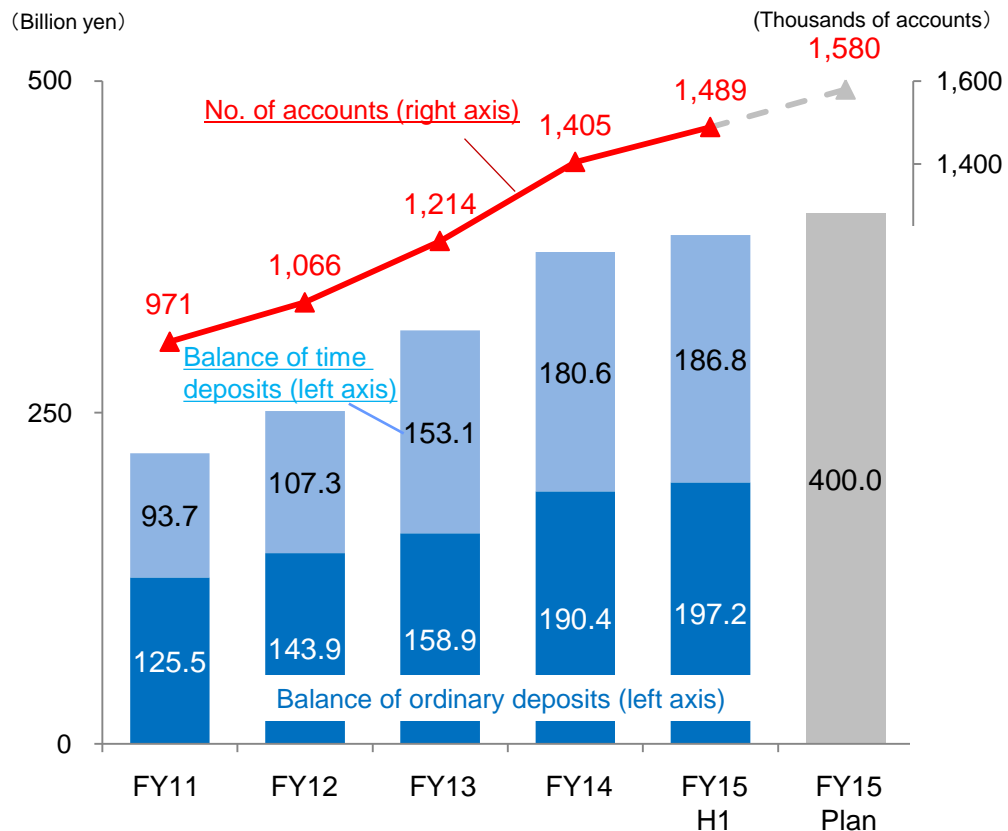
Distributed at airport counters

- Choice of 12 languages for ATM screens, etc. when using cards issued overseas scheduled from December 2015



Number of individual accounts and balance of deposits

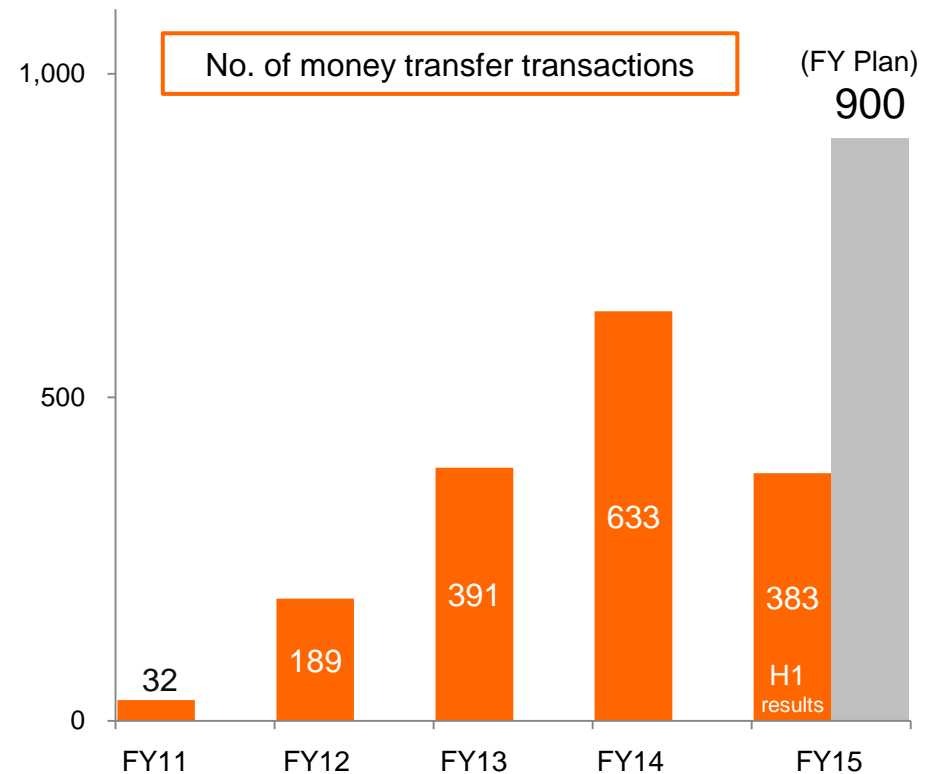
- Growth in both number of accounts and balance following enhancement of account services



International money transfer services

- Began transfers to accounts at some banks in the Philippines and China (from March 2015)
- Strengthening sales for season of high demand in second half

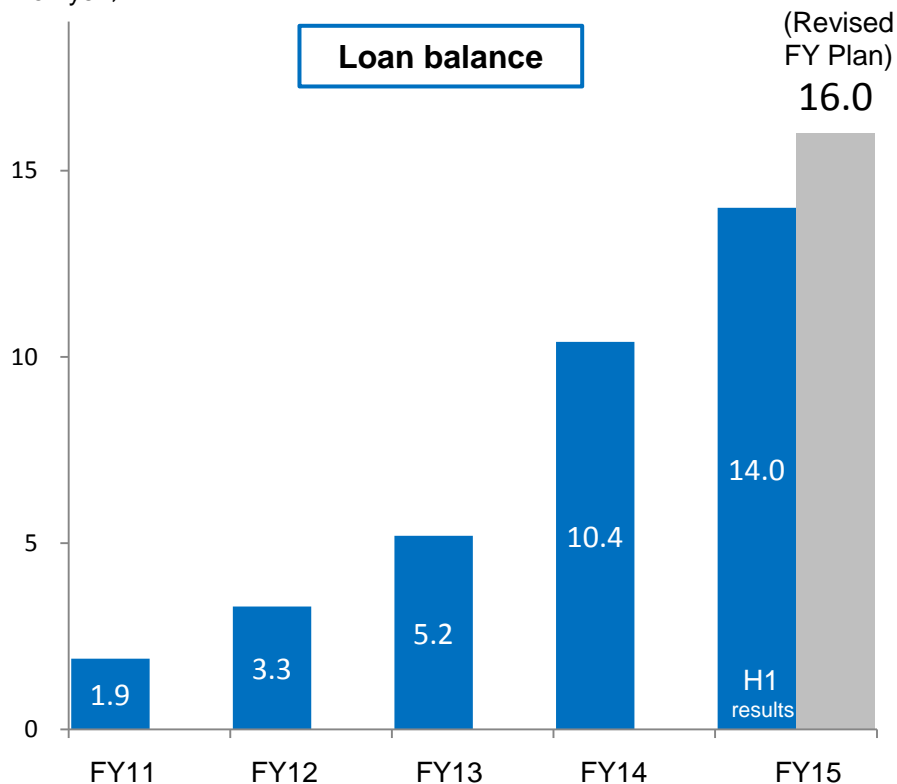
(Thousand transactions)



Personal loan services

- Revised full-year plan based on strong growth in balance (+¥1.0 billion compared with initial plan)

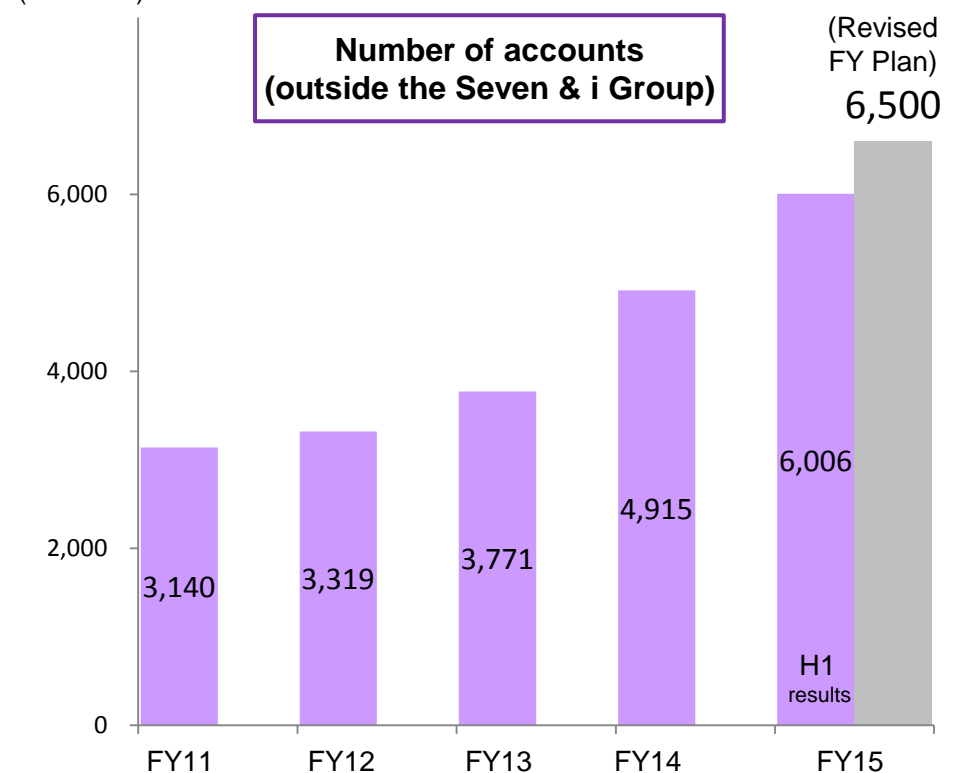
(Billion yen)



Acceptance of cash proceeds from sales

- Revised full-year plan based on strong performance in attracting new customers (+1,000 accounts compared with initial plan)

(Accounts)



- Ordinary income revised downward due to impact of U.S. subsidiary, etc.
⇒ Control expenses to secure planned ordinary profit

(Billion yen)

	FY14 Actual results	H1 results	FY15 Initial plan	H1 plan	FY15 H1 results	Changes from FY14 H1 results	Revised FY15 Plan (as of Nov. 6)
Ordinary income	114.0	56.7	121.0	59.9	60.0	3.3	120.3
Ordinary expenses	76.9	37.0	83.2	40.6	41.0	4.0	82.5
Ordinary profit	37.0	19.7	37.7	19.3	18.9	(0.8)	37.7
Net income	23.2	12.4	24.8	12.7	12.7	0.3	25.1

Notes:

1. Amounts less than one unit have been truncated.
2. Changes from FY14 H1 are comparisons in units of one hundred million yen.
3. Exchange rate on the consolidated income statement
per USD 1
FY14 = ¥105.79, FY15 H1 = ¥120.30, FY15 Plan = ¥118.00
per IRD 100
FY14 = ¥0.904, FY15 H1 = ¥0.928, FY15 Plan = ¥0.900
4. Consolidated net income is net income attributable to owners of the parent.

Reference: Period of consolidation of each company

Seven Bank: April 1, 2015 to September 30, 2015
FCTI: January 1, 2015 to June 30, 2015
ATMi: January 1, 2015 to June 30, 2015
BBF: April 1, 2015 to September 30, 2015

Subsidiary in the United States

- Executed an ATM Placement Agreement with 7-Eleven, Inc. in July 2015 (ATM installation and operation scheduled from July 2017 onward)
- Plan revised downward because of decrease in number of ATMs installed due to intensifying competition and increase in temporary costs for handling IC cards, etc.

FCTI (Non-Consolidated)

(Million US\$)

	FY14 Actual results <small>(consolidation period)</small>	H1 (Jan. – Jun.)	FY15 Initial plan	H1 (Jan. – Jun.)	FY15 H1 results <small>(Jan. – Jun.)</small>	Changes from FY14 H1 results	Revised FY15 Plan (as of Nov. 6)
Ordinary income	79.6	39.7	89.0	40.7	38.9	(0.8)	77.8
Ordinary expenses	77.8	38.3	86.9	39.9	39.8	1.5	78.9
Ordinary profit	1.7	1.3	2.1	0.7	(0.8)	(2.1)	(1.0)
Net income	1.0	0.6	1.3	0.4	(0.6)	(1.2)	(0.9)
EBITDA	8.0	4.5	10.0	4.1	2.3	(2.2)	5.5
No. of ATMs installed (units)	6,329	6,635	8,200	-	6,348	(287)	6,400

Notes:

1. Exchange rate on the consolidated income statement per USD 1:

FY14 = ¥105.79, FY15 H1 = ¥120.30, FY15 Plan = ¥118.00

2. 6,375 ATMs installed as of September 30, 2015

Subsidiary in Indonesia

■ Name: PT. ABADI TAMBAH MULIA INTERNASIONAL (ATMi)

- Began ATM installations in hotels, retail facilities, etc. in August 2015; 20 ATMs installed as of September 30

ATMi (Non-Consolidated)

(Million yen)

	FY14 Actual results (consolidation period)	FY15		
		H1 (Jan. – Jun.)		Full-year plan
		Plan	Result	
Ordinary income	2	2	2	18
Ordinary expenses	10	28	16	100
Ordinary profit	(7)	(25)	(13)	(82)
Net income	(7)	(25)	(9)	(82)

Notes: 1. Exchange rate per IDR 100:

FY14 = ¥0.904, FY15 H1 = ¥0.928, FY15 Plan = ¥0.900

2. ATMi was established on June 10, 2014. As a result, its period of consolidation in FY14 was from June 10, 2014 to December 31, 2014 only.

Subsidiary in Japan

■ Name: Bank Business Factory Co., Ltd. (BBF)

- Four customer companies for back-office support outsourcing (As of September 30, 2015)

BBF (Non-Consolidated)

(Million yen)

	FY14 Actual results (consolidation period)	FY15			
		H1		Full-year plan	Revised plan (as of Nov. 6)
		Plan	Result		
Ordinary income	426	340	328	700	684
Ordinary expenses	399	322	308	663	658
Ordinary profit	26	18	19	37	26
Net income	5	12	14	25	17

Note: BBF was established on July 1, 2014. As a result, its period of consolidation in FY14 was from July 1, 2014 to March 31, 2015 only.

Balance sheet as of September 30, 2015

(Unit: Billion yen)

Cash and due from banks: 668.7 (for ATMs, etc.)	Deposits: 533.2 (Individual deposits: 384.1)
	Bonds and borrowings: 130.0
Securities: 55.0	ATM-related temporary advances: 39.5
ATM-related temporary payments: 85.8	Other: 16.4
Other: 84.6	Net assets: 175.0
Assets: 894.1	Liabilities + Net assets: 894.1

As of September 30, 2015

Non-consolidated capital ratio

(Domestic standard): 54.31% (Preliminary figure)

Credit ratings S&P A+
 R&I AA

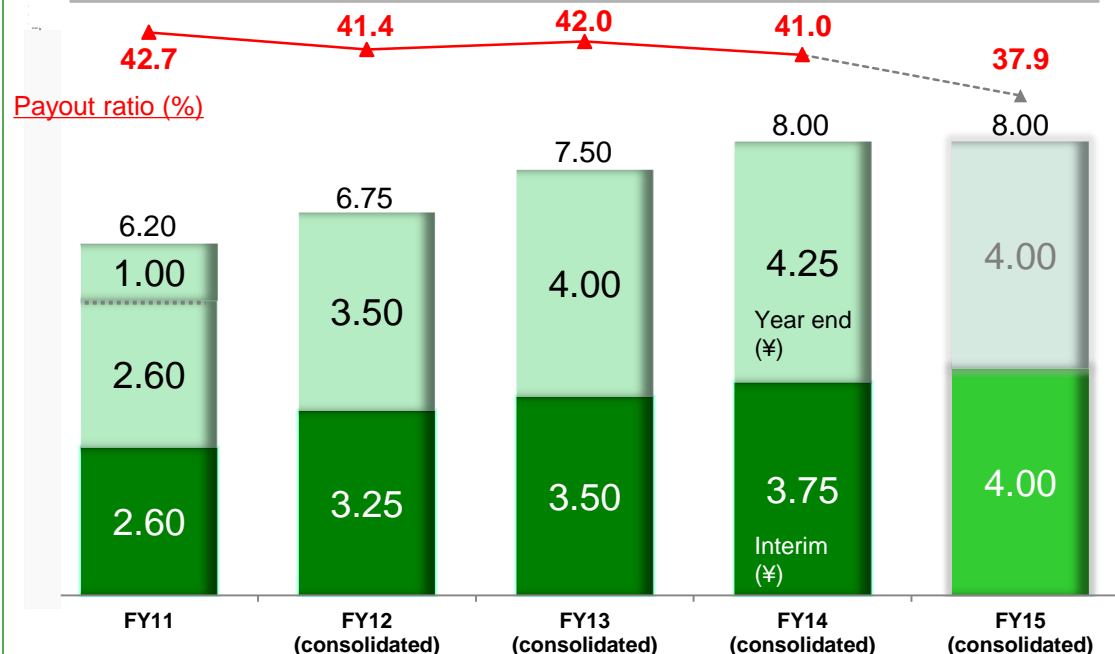
Policy

Targeting a minimum consolidated payout ratio of 35% through twice-yearly payments

Interim dividend

Dividend amount: ¥4.00 per share (total dividends paid ¥4.7 billion);
in line with initial plan

Dividend payment start: December 1, 2015



- Notes: 1. On December 1, 2011, the Bank carried out a 1,000-for-1 stock split (common shares).
 2. 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.
 3. Financial results are recorded on a consolidated basis in FY12 and thereafter.