
Financial Results for the Third Quarter of Fiscal 2019

February 7, 2020
Seven Bank, Ltd.

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Note: Earnings announcement data can be found on our website.
(<https://www.sevenbank.co.jp/english/ir/library/presentation/>)

Consolidated

Ordinary income: ¥112.3 billion (up ¥0.9 billion year-on-year)

Equity in losses of affiliated companies: ¥2.8 billion

Ordinary profit: ¥31.5 billion (down ¥0.6 billion year-on-year)

Net income attributable to owners of the parent:
¥20.7 billion (up ¥13.2 billion year-on-year)

Consolidated

- ✓ **Both income and profit increased**
- ✓ FCTI turned profitable on the ordinary profit level.

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Ordinary income: ¥91.0 billion (down ¥0.0 billion year-on-year)

Ordinary profit: ¥35.1 billion (up ¥0.9 billion year-on-year)

* Loss on valuation of stocks of subsidiaries and affiliates: ¥2.9 billion

Net income: ¥22.2 billion (up ¥13.7 billion year-on-year)

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- ✓ **Income declined while profit increased**
- ✓ Income declined slightly due to the reversal of a temporary income a year earlier, even as income of the ATM PF business increased.

Loss associated with discontinuation of 7pay Consolidated: Other ordinary expenses; Non-consolidated: Extraordinary losses

- **No change** in **both consolidated and non-consolidated forecasts** from the initial plan
- **No change** in **year-end dividend forecast** from the initial plan at **¥5.50** per share (annual dividend of ¥11.00 per share)

*Loss on valuation of stocks of subsidiaries and affiliates does not impact consolidated results, as it is eliminated upon consolidation.

- In the nine months, **income and profit increased** year on year.

(Billion yen)

	FY18 1Q–3Q	FY19 1Q–3Q	Changes from FY18 1Q–3Q	FY19 Plan
Ordinary income	111.4	112.3	0.9	148.9
Ordinary expenses	79.2	80.7	1.5	109.2
Ordinary profit	32.1	31.5	(0.6)	39.7
Net income	7.5	20.7	13.2	26.7

Notes:

1. Amounts less than one hundred million yen have been truncated.
2. Previous-year comparisons are based on the units used in these materials.
3. Exchange rates per USD 1 on the consolidated income statement
FY18 1Q–3Q = ¥109.60, FY19 1Q–3Q = ¥109.12, FY19 Plan = ¥110.00
4. Net income is net income attributable to owners of the parent.

- In the nine months, **ordinary profit increased, while ordinary income slightly declined** year on year

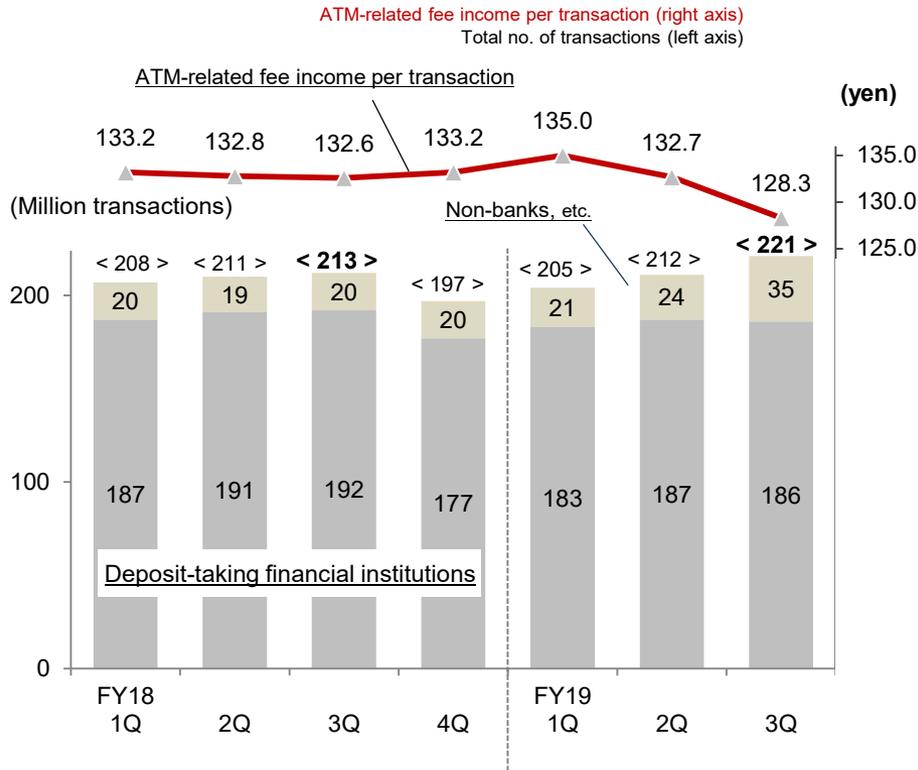
(Billion yen)

	FY18 1Q-3Q	FY19 1Q-3Q	Changes from	FY19 Plan
			FY18 1Q-3Q	
Ordinary income	91.0	91.0	(0.0)	120.2
ATM-related fee income	82.1	82.4	0.3	107.5
Ordinary expenses	56.8	55.8	(1.0)	78.4
Ordinary profit	34.2	35.1	0.9	41.7
Extraordinary losses	21.8	3.0	(18.8)	0.1
Net income	8.5	22.2	13.7	28.9
EBITDA	46.3	45.4	(0.9)	56.0

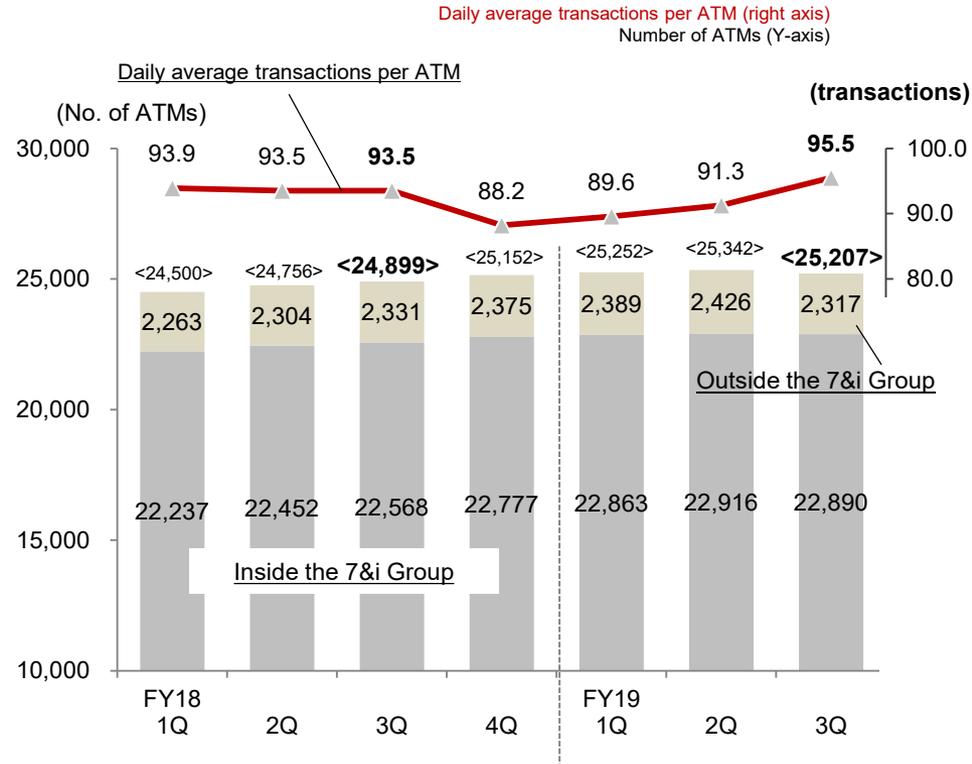
No. of ATMs installed at end of term (units)	24,899	25,207	308	25,502
ATM-related fee income per transaction (yen)	132.9	131.9	(1.0)	134.0
Daily average transactions per ATM (transactions/ATM/day)	93.6	92.2	(1.4)	89.2
Total no. of transactions (million)	632	638	6	822

Note: EBITDA = Ordinary profit + Depreciation and amortization

ATM Usage and Fee Income per Transaction



Number of ATMs and Daily Average Transactions per ATM

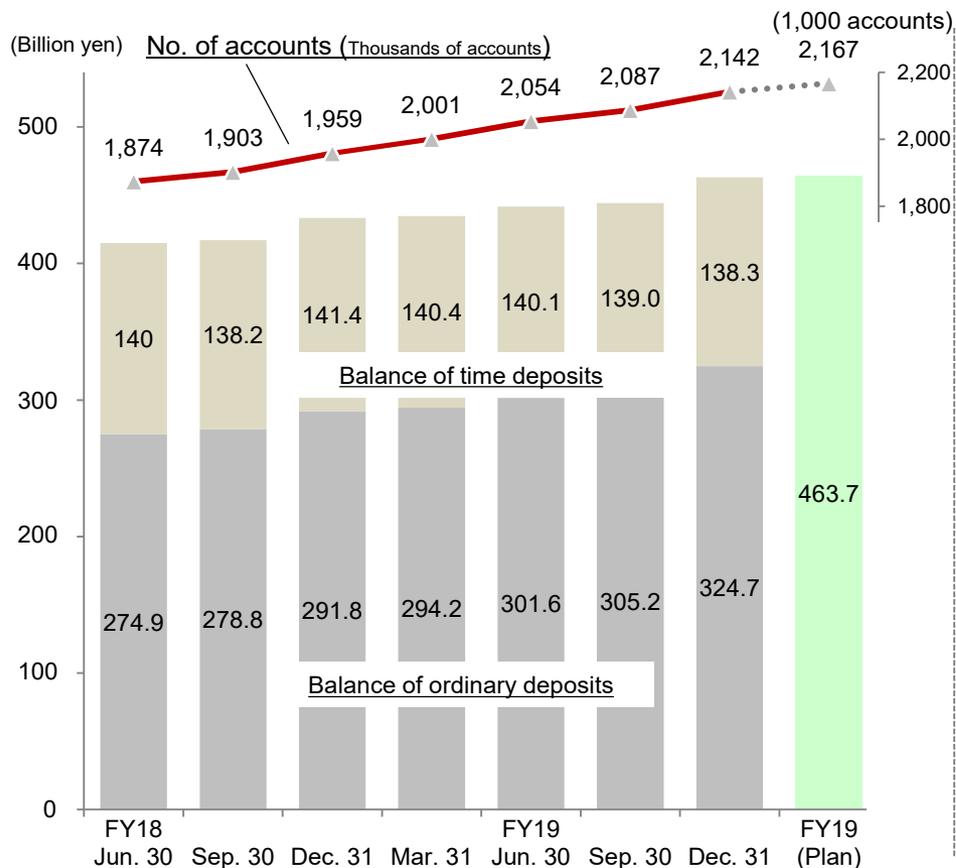


Notes:

- Total number of transactions and daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes, and withdrawal limit changes.
- 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])
- In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as “non-banks, etc.”

- Both daily average transactions per ATM and the total number of transactions recovered, as e-money recharging transactions by operating companies increased.
- ATM-related fee income per transaction decreased by ¥4.3 year on year

Number of individual accounts and balance of deposits



Personal loan services

	2018 Dec. 31	2019 Dec. 31	FY19 Plan
Balance at end of period (Billion yen)	22.5	22.8	25.0

International money transfer services

	2018 (Apr.–Dec.)	2019 (Apr.–Dec.)	FY19 Plan
Number of transactions (Thousands of transactions)	869	921	1,225

Debit services

	2018 (Apr.–Dec.)	2019 (Apr.–Dec.)	FY19 Plan
Number of transactions (Thousands of transactions)	7,605	10,196	14,462

- The number of accounts and balance of deposits continued to increase steadily
- The number of transactions in debit services, in which we took part as a registered settlement company in the Point Reward Project for Consumers using Cashless Payment, increased steadily.

- In the nine months, **income and profit increased** year on year and FCTI **achieved profit**.

(Million USD)

	FY18 1Q–3Q (Jan.–Sept. 2018)	FY19 1Q–3Q (Jan.–Sept. 2019)	Changes from FY18 1Q-3Q	FY19 full-year plan
Ordinary income	183.7	192.3	8.6	255.4
Ordinary expenses	194.2	190.1	(4.1)	253.8
Ordinary profit	(10.5)	2.2	12.7	1.6
Net income	(100.5)	2.3	102.8	0.8
EBITDA	3.6	7.3	3.7	9.0
No. of ATMs installed at end of term (units)	13,525	11,948	(1,539)	11,770
At SEI (units)	8,202	8,424	223	8,311
Daily average transactions per ATM (transactions/ATM/day)	38.3	42.9	4.6	45.0
At SEI (transactions/ATM/day)	56.3	55.7	(0.5)	57.2
Total no. of transactions during the period (thousand)	131,180	144,795	13,615	194,000

Notes:

1. Total number of transactions for U.S. ATMs includes balance inquiries.

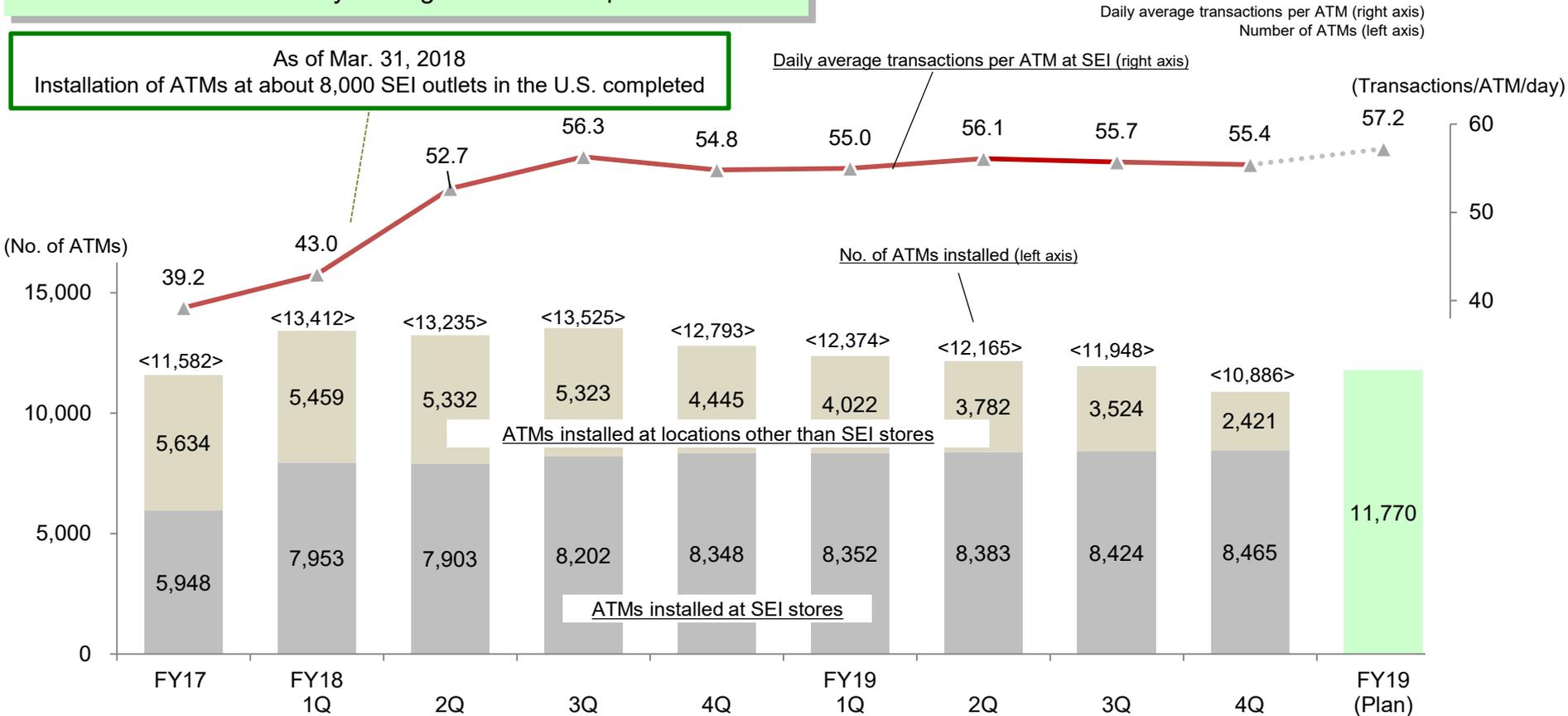
2. Number of ATMs as of December 31, 2019: 10,886 (preliminary figure)

At SEI: 8,465

Other than SEI: 2,421 units directly owned

Number of ATMs and daily average transactions per ATM at SEI

As of Mar. 31, 2018
Installation of ATMs at about 8,000 SEI outlets in the U.S. completed



- Promoting scrapping of ATMs with low profitability installed at locations other than SEI stores
- Concentrate resources on ATMs installed at SEI stores and promote further improvement in operational efficiency to strengthen earnings structure.

Note: 1. Includes ATMs installed by Sunoco from 2Q FY2018
2. The figures for 4Q FY19 are preliminary.

Medium-Term Management Plan

(FY2017–FY2019)

Achieve Growth in Our Main Business as We Diversify Our Operations

Deepen Our Broad-based Earnings Structure

Accumulate income and profits

Build Foundation for a Long-term Growth

Steadily implement measures

(1) Ways of using ATMs to meet changes in environment

p. 10, 11

(2) Offering of new values with the fourth generation ATMs

(3) Progress of new businesses by subsidiaries and affiliates

p. 12

(1) Ways of using ATMs to meet changes in environment

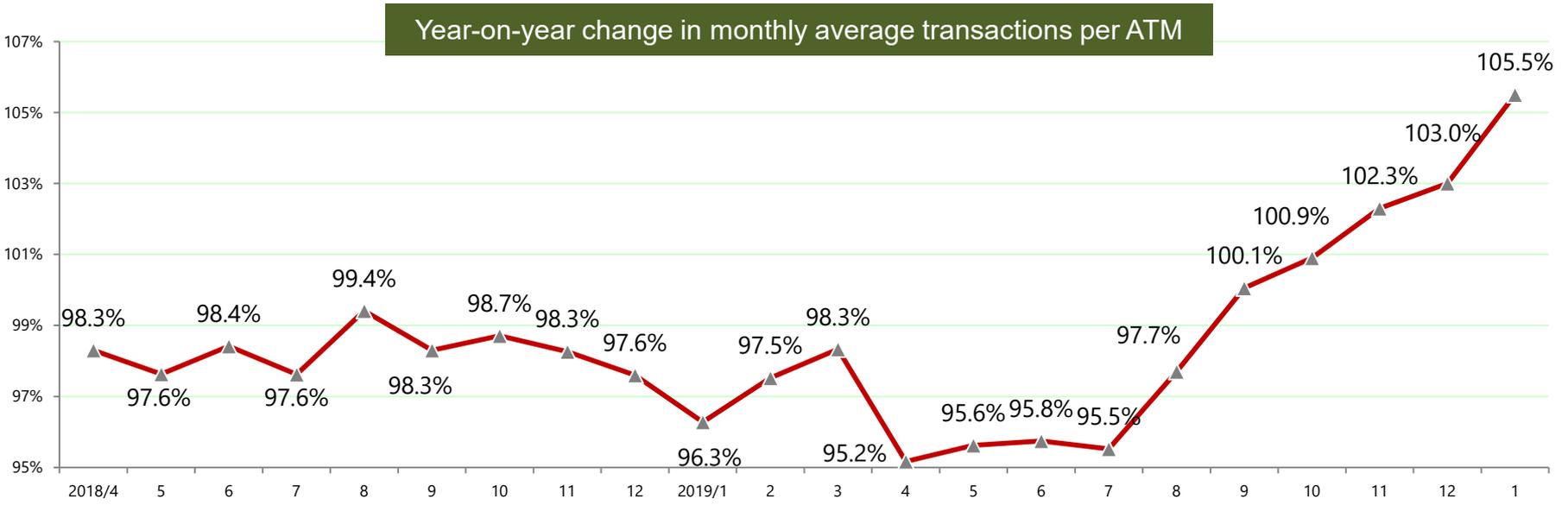
Diversify settlement methods (xx Pay, etc.)

Oct. 2019 to June 2020
Point Reward Project for Consumers using Cashless Payment



Seize the changes of the times
(spread of cashless payment)

as an opportunity



Monthly average transactions per ATM was 100.3 transactions/ATM/day in December 2019, the first time to exceed the 100 transaction mark in three years

Offer new value as an ATM that connects digital and real

Aim to further grow number of transactions

Increase the number of affiliated financial institutions

Tie-up with new settlement companies



Jan. 28, 2020: Start of a new partnership

Measures to enhance visibility

Holding joint campaigns



Campaign period	From Feb. 3 (Mon.) to Feb. 29 (Sat.), 2020 *For 27 days
Areas	Nationwide
Details (conditions and prizes)	A total of 50,000 people, from those who charge ¥10,000 in cash at a time using a Seven Bank ATM for a specified smartphone payment service, win ¥1,000 (equivalent). *Automatic entry for one unit per account
Target smartphone payment services	Smartphone payment services that can be charged using Seven Bank ATMs and used at Seven-Eleven cashiers (PayPay, au WALLET, LINE Pay, d Payment, Merpay)

(3) Progress of new businesses by subsidiaries and affiliates

Deployment of business for foreign residents



Overseas remittance business (banking)

Remittance to more than 200 countries around the world

-> Primarily targeting permanent residents

Established June 2019 100%



Overseas remittance business (fund transfer business)

Mainly targeting technical interns and skilled workers from Southeast Asia

Established January 2020 60%



Credit business

Offering of credit service

Joint venture partners	Shinsei Bank, Limited APLUS Co., Ltd.
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- Know-how of existing credit business
- Provision of clerical work and operation systems
- Ability to acquire corporate members (installment stores, etc.)

Differentiate with offering of combined service of overseas remittance and credit to expand market share

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