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# Financial Results for the Second Quarter (Interim Period) of Fiscal 2019

November 8, 2019

Seven Bank, Ltd.

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## First Half of Fiscal Year Ending March 31, 2020 (FY19)

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First Half of Fiscal Year Ending March 31, 2020 (FY19)

## Consolidated

Ordinary income: ¥74.5 billion (up ¥1.1 billion year-on-year)

Equity in losses of affiliated companies : ¥2.6 billion

Ordinary profit: ¥20.1 billion (down ¥0.6 billion year-on-year)

Net income attributable to owners of the parent

Net income: ¥13.0 billion (up ¥13.2 billion year-on-year)

## Non-consolidated

Ordinary income: ¥60.2 billion (down ¥0.2 billion year-on-year)

Ordinary profit: ¥23.2 billion (up ¥0.4 billion year-on-year)

\*Loss on valuation of stocks of subsidiaries and affiliates: ¥2.5 billion

Net income: ¥14.2 billion (up ¥13.5 billion year-on-year)

Recorded loss associated with discontinuation of 7pay, etc. Consolidated: Other ordinary expenses; Non-consolidated: Extraordinary losses

## Consolidated

### ✓ Both income and profit increased

- ✓ Ordinary income increased due primarily to contributions from FCTI

## Non-consolidated

### ✓ Income declined while profit increased

- ✓ While ordinary income declined, mainly due to lower ATM usage compared with the previous year, ordinary profit increased thanks to cost reduction.

[Forecasts] No change for both consolidated and non-consolidated forecasts from the initial plan

[Dividends] No change from the initial plan

Interim dividend: ¥5.50 per share (Year-end dividend of ¥5.50 per share for annual dividend of ¥11.00 is planned.)

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

(Billion yen)

	FY18 Results		FY19 H1 Results			FY19 Plan	
		H1		Changes from FY18 H1	Difference with plan		H1
Ordinary income	147.2	73.4	74.5	1.1	0.9	148.9	73.6
Ordinary expenses	106.5	52.7	54.3	1.6	1.3	109.2	53.0
Ordinary profit	40.7	20.7	20.1	(0.6)	(0.5)	39.7	20.6
Extraordinary losses	14.9	14.6	(0.0)	(14.6)	0.0	0.1	0.0
Net income attributable to owners of the parent	13.2	(0.2)	13.0	13.2	(0.8)	26.7	13.8

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 used in the consolidated income statement:  
per USD 1  
FY18 H1 = ¥108.67, FY19 H1 = ¥110.06, FY19 plan = ¥110.00

# Income Statement (Seven Bank)

(Billion yen)

	FY18 Results		FY19 H1 Results			FY19 Plan	
		H1		Changes from FY18 H1	Difference with plan		H1
<b>Ordinary income</b>	<b>119.5</b>	<b>60.4</b>	<b>60.2</b>	<b>(0.2)</b>	<b>0.6</b>	<b>120.2</b>	<b>59.6</b>
ATM-related fee income	107.8	54.4	54.5	0.1	0.2	107.5	54.3
<b>Ordinary expenses</b>	<b>76.5</b>	<b>37.5</b>	<b>36.9</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>78.4</b>	<b>37.8</b>
Interest expenses	0.6	0.3	0.3	0.0	(0.1)	0.8	0.4
ATM placement fee expenses	15.0	7.4	7.9	0.5	0.0	16.0	7.9
Outsourcing expenses	18.5	9.2	9.3	0.1	(0.4)	20.3	9.7
Maintenance fees	3.8	1.8	1.8	0.0	0.0	3.9	1.8
Depreciation and amortization	15.8	8.1	6.9	(1.2)	0.1	14.2	6.8
<b>Ordinary profit</b>	<b>43.0</b>	<b>22.8</b>	<b>23.2</b>	<b>0.4</b>	<b>1.4</b>	<b>41.7</b>	<b>21.8</b>
Extraordinary losses	22.0	21.8	2.6	(19.2)	2.6	0.1	0.0
Income taxes	6.4	0.2	6.3	6.1	(0.3)	12.7	6.6
<b>Net income</b>	<b>14.5</b>	<b>0.7</b>	<b>14.2</b>	<b>13.5</b>	<b>(0.9)</b>	<b>28.9</b>	<b>15.1</b>
<b>EBITDA</b>	<b>58.9</b>	<b>30.9</b>	<b>30.1</b>	<b>(0.8)</b>	<b>1.4</b>	<b>56.0</b>	<b>28.7</b>
<b>No. of ATMs installed at end of term (units)</b>	<b>25,152</b>	<b>24,756</b>	<b>25,342</b>	<b>586</b>	<b>9</b>	<b>25,502</b>	<b>25,333</b>
<b>ATM-related fee income per transaction (yen)</b>	<b>132.9</b>	<b>133.0</b>	<b>133.8</b>	<b>0.8</b>	<b>(0.5)</b>	<b>134.0</b>	<b>134.3</b>
<b>Daily average transactions per ATM (transactions/ATM/day)</b>	<b>92.3</b>	<b>93.7</b>	<b>90.5</b>	<b>(3.2)</b>	<b>0.3</b>	<b>89.2</b>	<b>90.2</b>
<b>Total no. of transactions (million)</b>	<b>829</b>	<b>419</b>	<b>417</b>	<b>(2)</b>	<b>3</b>	<b>822</b>	<b>414</b>

Note: EBITDA = Ordinary profit + Depreciation and amortization

# Income Statement (FCTI in the U.S.)

(Million USD)

	FY18 Results		FY19 H1 Results	Changes from FY18 H1	Difference with plan	FY19 Plan	
		H1					H1
Ordinary income	248.5	119.1	128.0	8.9	2.8	255.4	125.2
Ordinary expenses	257.3	131.4	128.6	(2.8)	3.1	253.8	125.5
Interest expenses	31.7	14.6	19.1	4.5	1.0	37.7	18.1
ATM placement fee expenses	140.1	68.2	70.6	2.4	1.4	139.9	69.2
Outsourcing expenses	17.8	9.0	8.9	(0.1)	0.1	17.6	8.8
Maintenance fees	19.6	9.8	8.6	(1.2)	(1.7)	20.8	10.3
Depreciation and amortization	15.7	12.7	3.3	(9.4)	(0.2)	7.4	3.5
Ordinary profit	(8.7)	(12.3)	(0.6)	11.7	(0.3)	1.6	(0.3)
Extraordinary losses	90.6	90.0	(0.4)	(90.4)	(1.0)	0.6	0.6
Net income	(99.5)	(102.3)	(0.3)	102.0	0.7	0.8	(1.0)
EBITDA	6.9	0.4	2.7	2.3	(0.5)	9.0	3.2
No. of ATMs installed at end of term (units)	12,795	13,235	12,165	(1,070)	404	11,770	11,761
At SEI (units)	8,349	7,903	8,383	480	77	8,311	8,306
Daily average transactions per ATM (transactions/ATM/day)	37.5	34.5	43.7	9.2	(0.1)	45.0	43.8
At SEI (transactions/ATM/day)	52.0	48.1	55.4	7.3	(0.2)	57.2	55.6
Total no. of transactions during the period (thousand)	177,628	81,915	96,124	14,209	2,124	194,000	94,000

Notes: 1. Number of ATMs installed as of September 30, 2019 (preliminary figures): 11,948 (Installed at SEI stores: 8,424 Installed at stores other than SEI stores: 3,524)

2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

# Income Statement (Consolidated Subsidiaries)

(Million yen)

BBF	FY18 Results		FY19 H1 Results	Changes from FY18 H1	Difference with plan	FY19 full-year plan	
	H1					H1	
Ordinary income	1,189	566	668	102	28	1,410	640
Ordinary expenses	1,052	490	635	145	19	1,260	616
Ordinary profit	137	76	32	(44)	8	150	24
Net income	108	49	21	(28)	4	97	17

✓ Number of financial institutions with outsourcing contracts: 14 as of Mar. 31, 2019 --> 22 as of Sep. 30, 2019

(Million yen)

7PS	FY18 Results		FY19 H1 Results	Changes from FY18 H1	Difference with plan	FY19 full-year plan	
	H1					H1	
Ordinary income	45	4	46	42	(5)	127	51
Ordinary expenses	182	87	118	31	(11)	328	129
Ordinary profit	(137)	(82)	(72)	10	5	(200)	(77)
Net income	(137)	(83)	(72)	11	5	(200)	(77)

✓ Number of companies that agreed to service contract: 150 as of Mar. 31, 2019 --> 240 as of Sep. 30, 2019

(Million yen)

ATMi (Indonesia)	FY18 Results		FY19 H1 Results	Changes from FY18 H1	Difference with plan	FY19 full-year plan	
	H1					H1	
Ordinary income	96	46	57	11	1	143	56
Ordinary expenses	131	79	48	(31)	(10)	142	58
Ordinary profit	(34)	(33)	9	42	11	1	(2)
Net income	(175)	(197)	9	206	11	1	(2)

✓ Redevelopment of business for growth  
Contract-based ATM operation business --> switch to a business model to directly operate ATMs

Notes: 1. Exchange rate: per IDR 100  
FY18 H1 = ¥ 0.790, FY19 H1 = ¥0.775, FY19 plan = ¥0.778  
2. Number of ATMs as of September 30, 2019: 150 (preliminary figure)

## Balance Sheet as of September 30, 2019: Seven Bank

(Billion yen)

<table border="1"> <tr> <td>Cash and due from banks: (for ATMs, etc.)</td> <td style="text-align: right;">820.7</td> </tr> <tr> <td>Securities:</td> <td style="text-align: right;">82.9</td> </tr> <tr> <td>ATM-related temporary payments:</td> <td style="text-align: right;">98.6</td> </tr> <tr> <td>Other:</td> <td style="text-align: right;">81.0</td> </tr> </table>	Cash and due from banks: (for ATMs, etc.)	820.7	Securities:	82.9	ATM-related temporary payments:	98.6	Other:	81.0	<table border="1"> <tr> <td>Deposits: (Individual deposits: 444.3)</td> <td style="text-align: right;">664.7</td> </tr> <tr> <td>Bonds and borrowings:</td> <td style="text-align: right;">125.0</td> </tr> <tr> <td>ATM-related temporary advances:</td> <td style="text-align: right;">48.8</td> </tr> <tr> <td>Other:</td> <td style="text-align: right;">21.6</td> </tr> <tr> <td><b>Total net assets:</b></td> <td style="text-align: right;"><b>223.1</b></td> </tr> </table>	Deposits: (Individual deposits: 444.3)	664.7	Bonds and borrowings:	125.0	ATM-related temporary advances:	48.8	Other:	21.6	<b>Total net assets:</b>	<b>223.1</b>
Cash and due from banks: (for ATMs, etc.)	820.7																		
Securities:	82.9																		
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Bonds and borrowings:	125.0																		
ATM-related temporary advances:	48.8																		
Other:	21.6																		
<b>Total net assets:</b>	<b>223.1</b>																		
<b>Total assets:</b>	<b>1,083.2</b>																		
<b>Liabilities + Net assets:</b>	<b>1,083.2</b>																		

Non-consolidated capital ratio (Domestic standard):

54.89% (preliminary figure)

Credit rating (long-term)

S&P: A+

R&I: AA

## Firmly maintaining the shareholder return policy

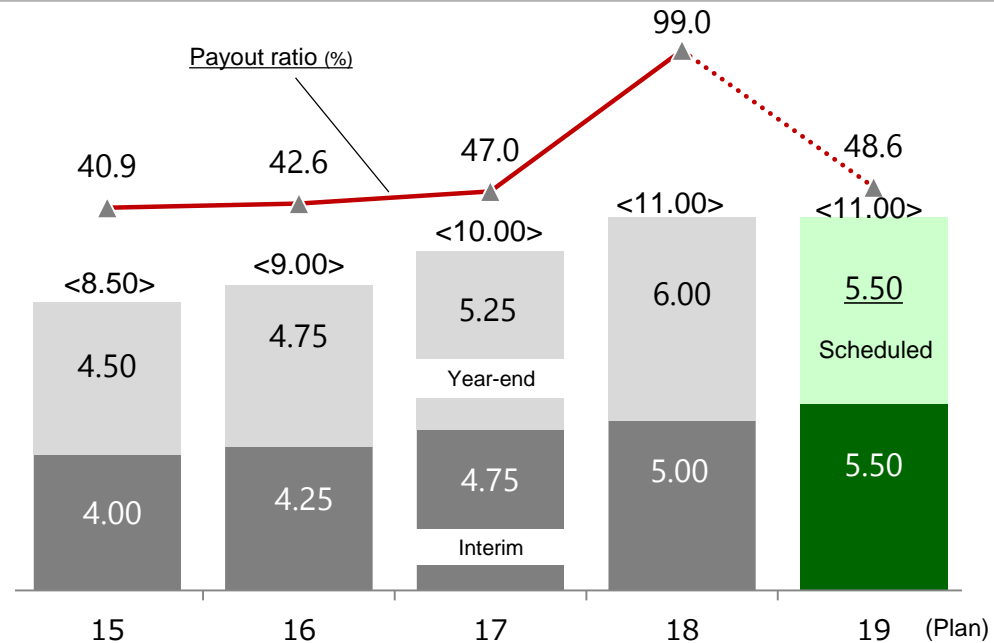
- ✓ The basic means of shareholder returns is dividends
- ✓ Targeting a minimum consolidated payout ratio of 40% through twice-yearly payments

## Dividend

- ✓ Fiscal 2018: ¥11.00 annual dividends
- ✓ FY19: annual dividend of ¥11.00 per share including interim dividend of ¥5.50 per share is planned (about ¥12.9 billion in total dividends)

## Acquisition of treasury stock (from May 13 to July 31, 2019)

- ✓ Acquired 13.5 million shares (about ¥3.8 billion in value of shares acquired)
- ✓ All acquired shares were cancelled on August 20, 2019







FY2017-FY2019

Medium-Term Management Plan  
[Status of Progress]

# 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

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

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

(3) Progress of new businesses by subsidiaries and affiliates

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

Meet changes  
Constant evolution

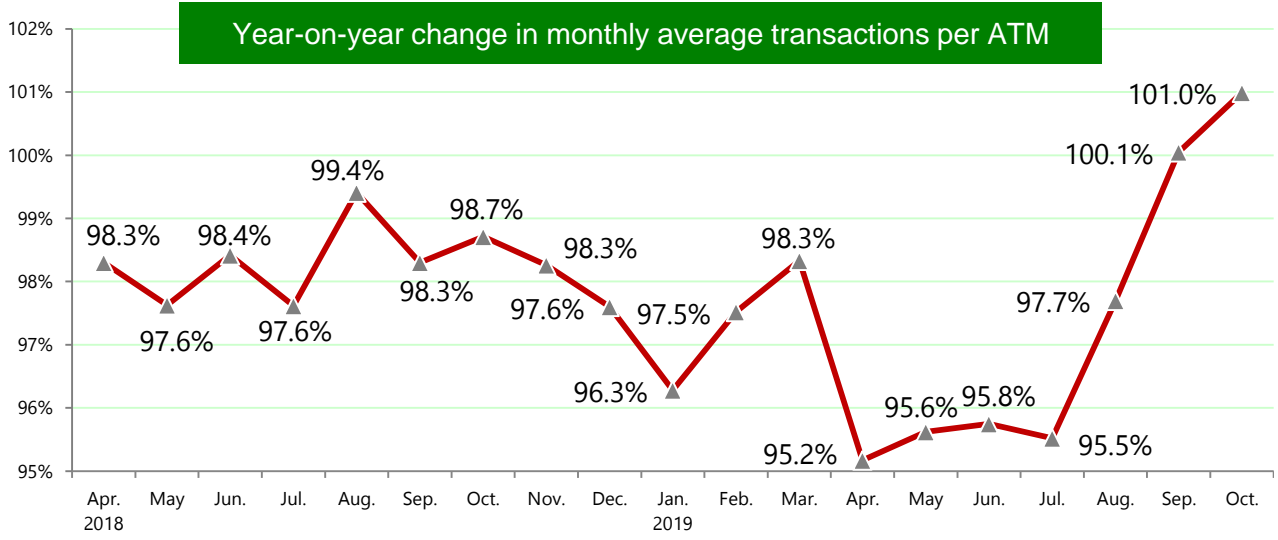
From August 2017

Tie-up with new settlement companies



ATM transaction via smartphone

Diversification of ways to connect to ATMs



Needs for using ATMs generated from cashless settlement styles unique to Japan

Since September 2019:  
Positive growth in monthly average transactions for the first time in about six years

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



Installed with new technologies such as face recognition and AI  
 “Offer new ATM services” that respond to the changes in the needs of the society and customers

### Uniqueness, differentiation

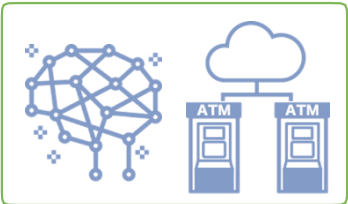
Installed with functions that respond to the changes in the needs such as cashless settlement and new services



- Sophisticated camera
- Function for reading identity verification documents and bar codes
- Function for communicating with smartphones via Bluetooth

### Further improvement in operation efficiency

Aim to reduce ATM operation cost by about 20% by utilizing AI, IoT, etc.



- Improve cash demand forecast and failure prediction
- Reduce dispatch in failure response



### Ensure safety and security, environmental consideration

- ✓ Strengthening of security measures
- ✓ Improvement of environmentally friendly capabilities



- Reduction in CO<sub>2</sub> emission (40% power consumption reduction)

### Deployment schedule

September 2019	Start replacing ATMs
Summer 2020	Complete replacement in Tokyo (plan)
FY2024	Complete replacing all ATMs (plan)

## (3) Progress of new businesses by subsidiaries and affiliates

### Domestic Business

#### Expansion of business domain

ATM	<ul style="list-style-type: none"> <li>✓ Build new business model for contract-based ATM operation</li> <li>✓ Create new values of usage by leveraging the fourth generation ATMs</li> </ul>	SEVEN BANK セブン・ペイメントサービス
Settlement and account	<ul style="list-style-type: none"> <li>✓ Account business in collaboration with other companies</li> </ul>	
Financial products	<ul style="list-style-type: none"> <li>✓ Enhance lineup of easy-to-understand and simple financial products</li> </ul>	
Corporate	<ul style="list-style-type: none"> <li>✓ Offer settlement service for corporate customers at ATMs and over the internet</li> </ul>	SEVEN BANK
BPO	<ul style="list-style-type: none"> <li>✓ Strengthen back-office support business as common infrastructure</li> </ul>	セブン銀行の100%子会社 バンク・ビジネスファクトリー
Foreign residents	<ul style="list-style-type: none"> <li>✓ Offer financial service infrastructure for daily life</li> </ul>	Seven Global Remit, Ltd.
Security	<ul style="list-style-type: none"> <li>✓ Create business by leveraging "safety and security" knowhow</li> </ul>	

### Overseas Business

#### Expansion of business domain

U.S.	<ul style="list-style-type: none"> <li>✓ Expand ATM use</li> <li>✓ Offer new financial services by creating synergies with SEI</li> </ul>	FCTI NATIONWIDE ATM NETWORK
Asia	<ul style="list-style-type: none"> <li>✓ Deploy ATMs, financial services, etc. in the areas where 7-Eleven is operating</li> </ul>	Abadi Tambah Mulia Internasional Pito AxM Platform, Inc.

## Business targeting foreign residents

Name	Seven Global Remit, Ltd.
Headquarters:	Chiyoda-ku, Tokyo
Established	June 3, 2019
Common stock	495 million yen
Proportion of voting rights held by Seven Bank	100%

- ✓ Flexible response to changing environment such as the revised Immigration Control Act, discussion over lifting the ban on payroll cards, etc.
- ✓ Response to diversifying customer needs
- ✓ Financial service platform for foreign residents

## Security-related business

Name	ACSiON, Ltd.
Headquarters:	Chiyoda-ku, Tokyo
Established	July 16, 2019
Common stock	150 million yen
Proportion of voting rights held by Seven Bank	60% (40% by ISID)

- ✓ Utilizes the network of more than 25,000 ATMS in the country
- ✓ The knowhow of countermeasures against financial crimes accumulated by Seven Bank
- ✓ Technological prowess of ISID (Information Services International-Dentsu, Ltd.)

## Asian business

Name	Pito AxM Platform, Inc.
Headquarters:	Metropolitan Manila, Republic of the Philippines
Established	April 1, 2019
Common stock	85,000,000 Philippine pesos
Proportion of voting rights held by Seven Bank	100%

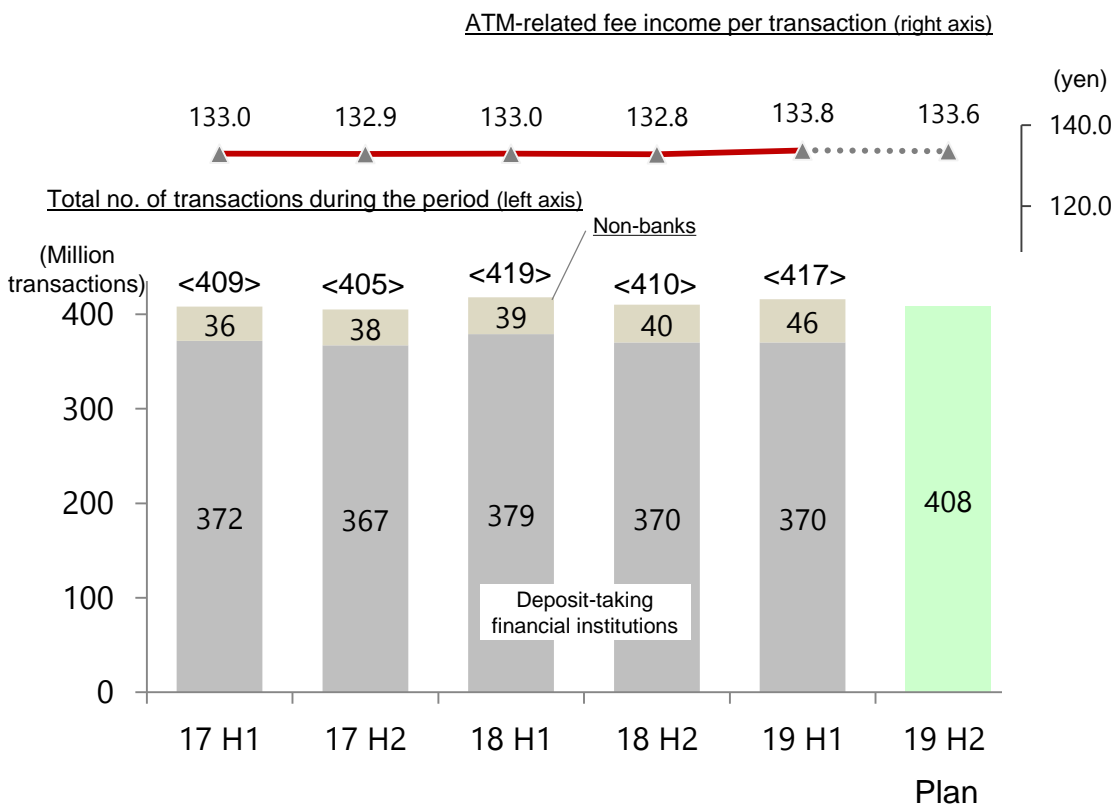
- ✓ Cooperation with 7-Eleven Philippines
- ✓ Pursue potential in the growing market
- ✓ Tailwind from a state policy to popularize and expand usage of bank accounts



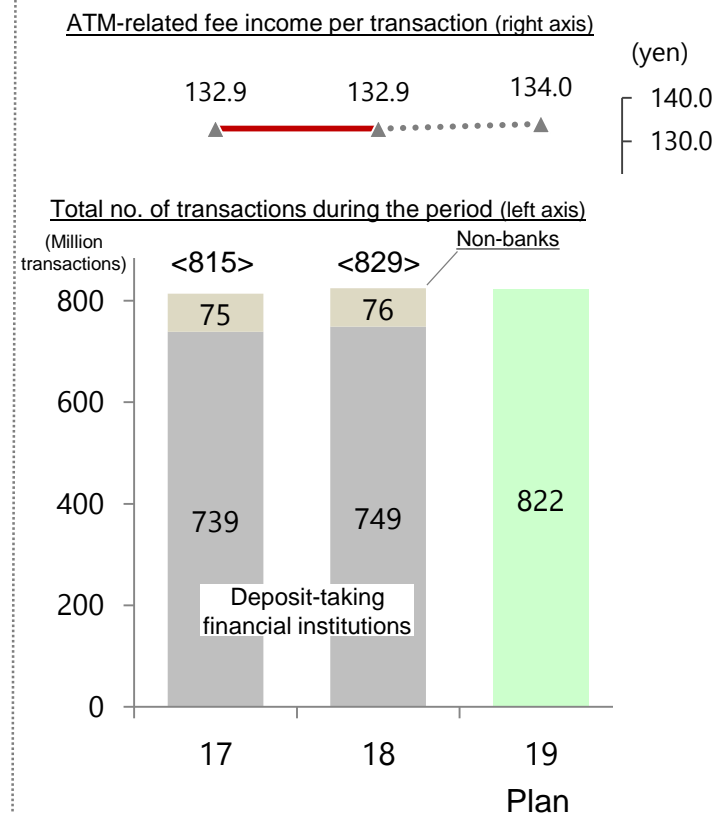
# Reference Materials

Financial Results for the Second Quarter (Interim Period) of Fiscal 2019

## Trend of half-year results



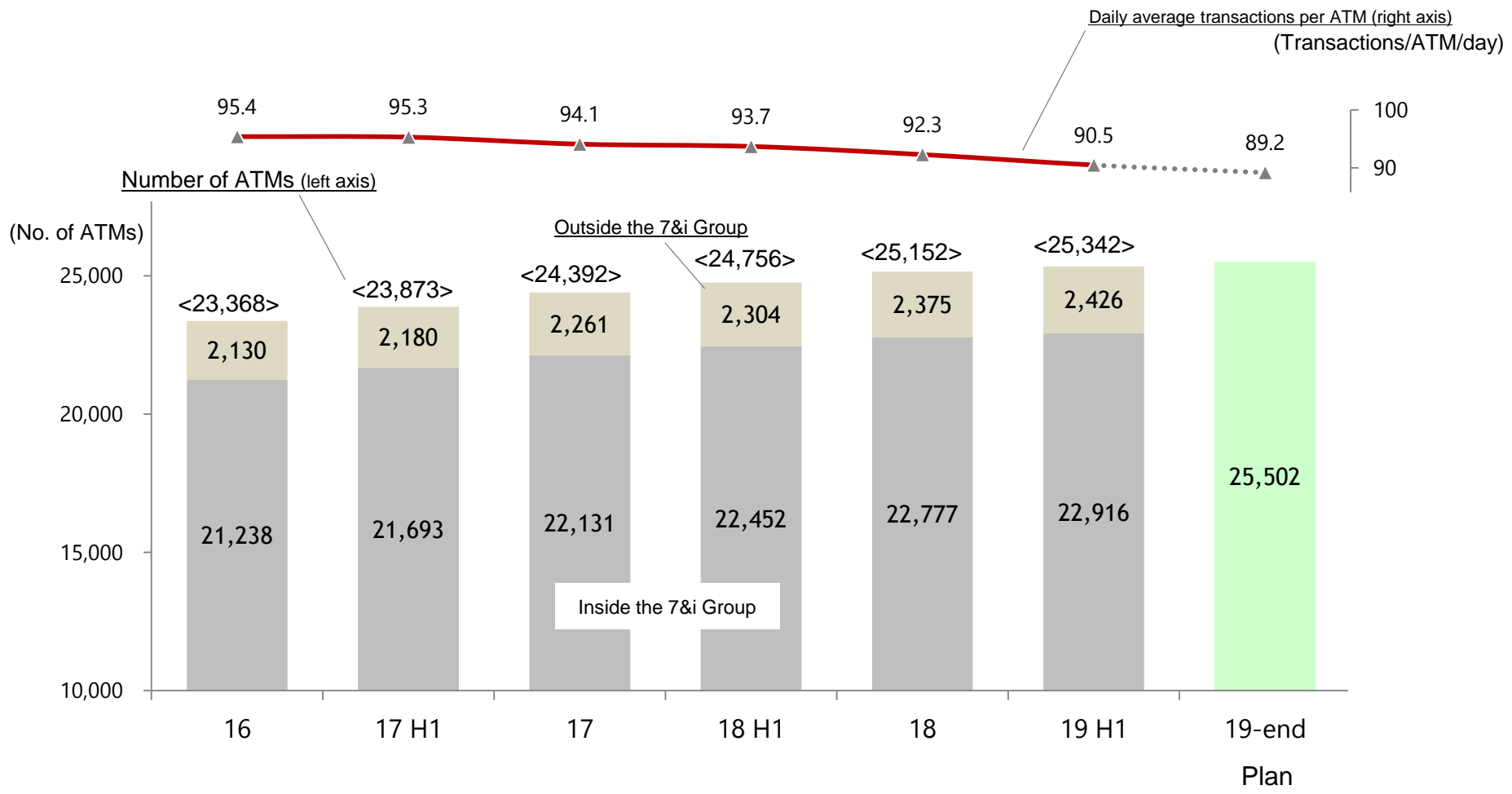
## Trend of annual results



- Notes: 1. Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.  
 2. 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])  
 3. In this report, “non-banks” refers to a total of securities companies, life insurance companies, credit card companies, consumer credit companies, consumer financing companies, business loan providers, cards issued overseas, operating companies, etc.

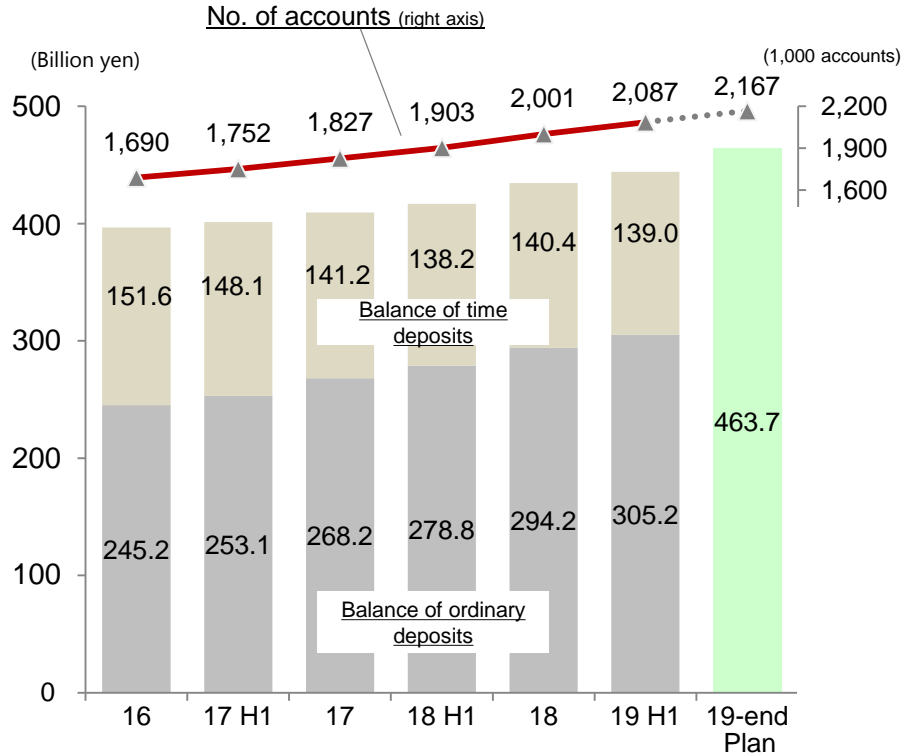


# Number of ATMs and Daily Average Transactions per ATM

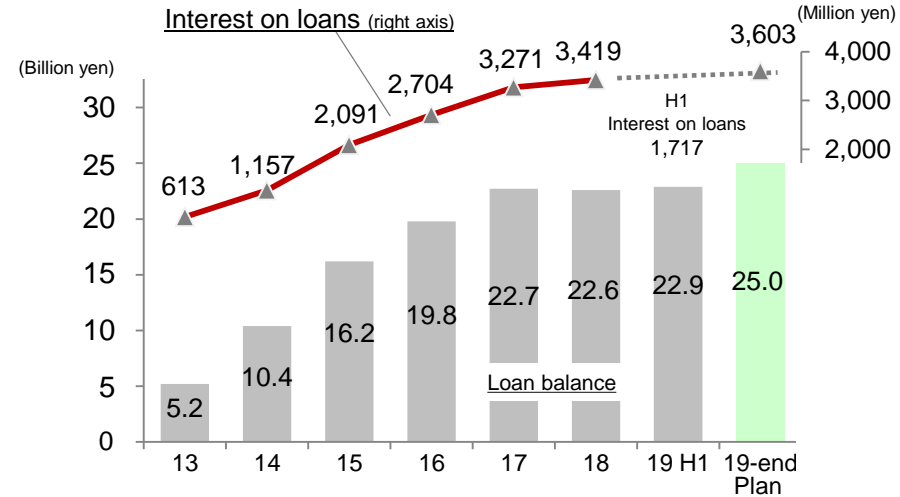


Note: Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.

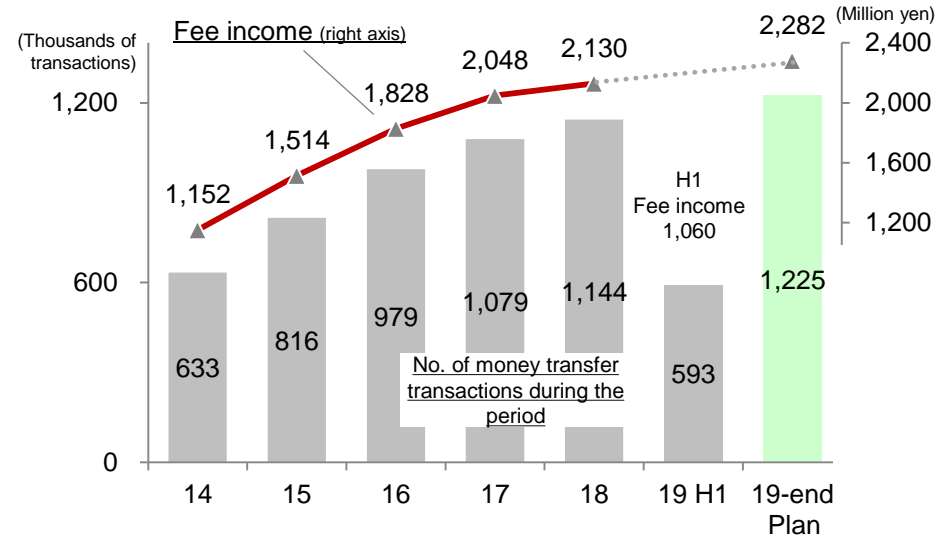
## Number of individual accounts and balance of deposits



## Personal loan services



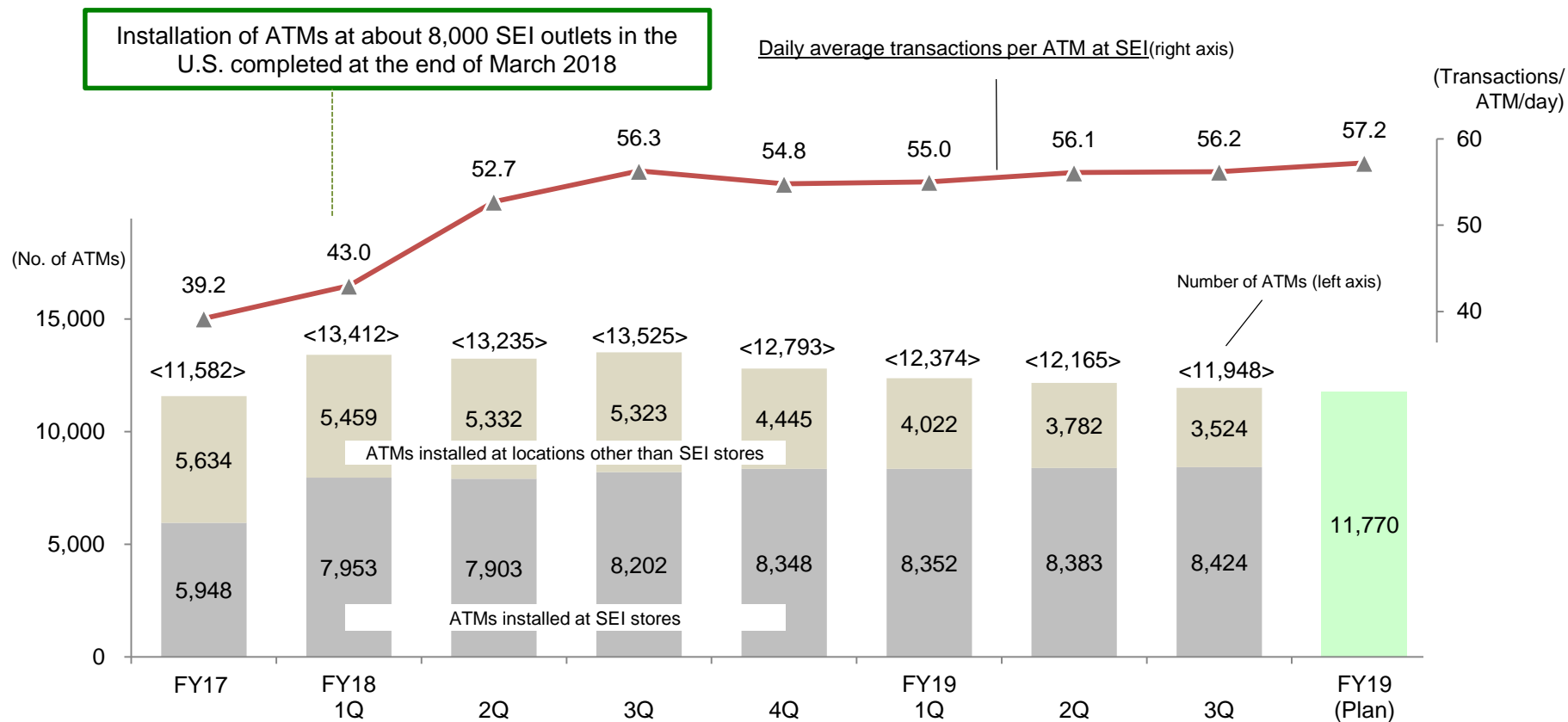
## International money transfer services



## Debit services

	19 H1	19-end (plan)
Accounts (Thousands of accounts)	543	618
Number of transactions (Thousands of transactions)	6,408	14,462

## Number of ATMs and daily average transactions per ATM at SEI



- ✓ Number of ATM transactions installed at SEI continues to increase steadily
- ✓ Scrap ATMs with low profitability and focus resources on ATMs at SEI to strengthen profitability

Note: 1. Includes ATMs installed by Sunoco from 2Q FY2018  
 2. The figures for 3Q FY19 are preliminary.

These presentation materials contain forward looking statements concerning forecasts, expectations, goals and plans related to the financial results of Seven Bank, Ltd. (“Seven Bank”) and its consolidated subsidiaries, etc. Except for concrete historical facts, these forward looking statements are based on the information available when they were written. As such, these forward-looking statements may contain some premises (assumptions). These statements and premises (assumptions) are subjective and subject to various risks and uncertainties. As a result of such risks and uncertainties, the actual financial results of Seven Bank may differ substantially from these forecasts and expectations. Such risks and uncertainties include, without limitation, system malfunctions, disasters, crimes and other various risks entailed in the ATM Platform Business, Settlement and Account Business and Overseas Business. Any information in these materials, which is other than that of Seven Bank and its consolidated subsidiaries, etc. is based on publicly available information, and we have not validated the accuracy or appropriateness of such information and do not guarantee its accuracy. All rights reserved.



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